

# BUSINESS WEEK

FEB. 21, 1948



Russell C. Leffingwell: A business philosopher takes the helm at J. P. Morgan & Co., Inc. (page 6)

BUSINESS  
WEEK  
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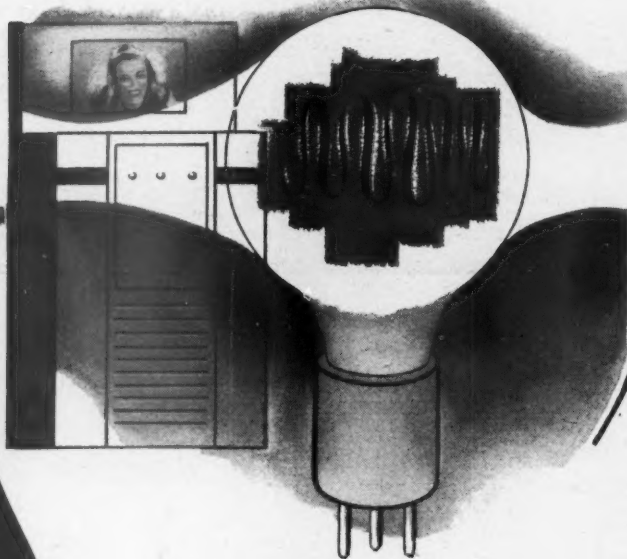
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## THE COVER

A friend of Russell C. Leffingwell calls the new chief of the House of Morgan one of the "worthies" of our time—in the sense of combining great capability with courtly bearing. To Wall Street, he is a business intellectual, a man who gains his points by persuasive argument, not by table-pounding. And his words carry weight beyond the conference table—particularly since his election last week as chairman of the board of J. P. Morgan & Co., Inc., to succeed the late Thomas W. Lamont.

• **Law and Public Service**—Leffingwell was born in New York City on Sept. 10, 1878.

After graduation from Yale, young Leffingwell won distinction at Columbia as the first editor of the Columbia Law Review.

Fresh from law school, Leffingwell broke into the New York legal firm of Cravath & Henderson. With them, he earned a name in railroad and international law. When World War I broke out, he went to Washington to help put across the Liberty Loan drives, President Wilson made him Assistant Secretary of the Treasury in 1917.

• **Prophet**—In 1920, he began his long service with J. P. Morgan & Co.—as partner. In 1943, he was made chairman of its executive committee. His associates learned to look to him for the long view—with an especial interest in problems of monetary policy. In 1945, when others were talking postwar deflation, he stood against the popular position. In the Yale Review that summer he wrote, "Inflation control may be the major domestic problem during the two to five years after the war, more or less."

By tradition, Leffingwell is a Democrat. This is not surprising, even though J. P. Morgan and Thomas Lamont were both Republicans. The company likes to have in its fold representatives of both major political parties.

Cover photograph by Underwood & Underwood

# BUSINESS OUTLOOK

BUSINESS WEEK

FEBRUARY 21, 1948



Business has not been measurably affected by the two-week break in farm-and-food commodity prices.

Other raw materials used by industry cost as much as ever, in the main. Volume of industrial activity is coming back with milder weather.

Nevertheless, there are traces of psychological effects. Great Lakes industrialists, for example, aren't as optimistic as those in the East and the Far West. Prices on the Chicago Board of Trade may be blamed.

Are we headed for a "midwestern recession" this year to match what the Midwest called a "New York recession" last spring?

Authorities allocating available steel half hope that demand for farm equipment will dip, easing their task.

Available evidence is against them, however. Most farmers have no intention, at the moment, of changing their buying plans (page 19).

A high percentage of farmers have money in the bank. Others who habitually run in debt have their heads above water; they are in a position once again to go in debt to buy any implements they may need.

Besides, even at these prices, farm income isn't going to nosedive.

Steel prices continue to stiffen in the face of weakness elsewhere.

This week's major boost was on pipe. However, Iron Age reports that certain semifinished products also were marked up. And "extras" charged on structural steel shapes have been boosted sharply.

Some earlier markups were on tinplate, nails, railroad supplies. Extras also had been advanced on alloy steel bars.

All this, mind you, before any third-round wage discussions, much less a settlement of demands being prepared by the union this week.

No price decline or business recession will be too serious until it is felt by the steel industry. That's fundamental.

And, if you have any worries, watch scrap and the "gray market."

Scrap dealers, human nature being what it is, habitually hold up in a tight market. And they rush to sell when things look even slightly soft.

Gray marketers will be even more nervous. Their business is illegitimate though not illegal. Most of them don't know the first thing about steel, so they'll run at the sight of their shadows.

But slight easiness in scrap this week can't be taken seriously—yet.

Some users of steel are beginning to think in terms of easier supplies. This, in turn, could help release the pressure for deliveries.

This example may not be typical, but it is interesting. An auto parts supplier talks to a car maker. The latter complains about his narrow profit margin. The supplier knows from past experience what will happen if lower sales should happen to squeeze that margin still smaller.

The car manufacturer will demand lower prices on parts. The parts maker, in turn, will ask the steel mill for a lower price.

If that happens, the gray market ends and distribution improves.

First reduction in steel prices, when they come, won't be visible.

Extras have been piled on until sales of many products today have little relation to the posted base prices. These extras will be shaved away as the

# BUSINESS OUTLOOK (Continued)

**BUSINESS WEEK**  
**FEBRUARY 21, 1948**

need arises. And the steel industry traditionally sells at "concessions" from the posted price when competition is keen.

But don't deduce from this that steel will be cheaper any time soon. A lot more raw materials will be marked down before steel weakens.

•  
Nonferrous metals prices may be somewhat more vulnerable than steel.

Copper is an example. Demand is still excellent. Deliveries of the red metal totaled 118,000 tons in January.

Yet producers don't have everything their own way. Brass mills haven't been at capacity for a long while. Even some types of long-tight copper wire are feeling their first postwar competition.

Copper prices are steady to firm. Big producers book only about two months ahead. Their prices are based on date of delivery—giving producers the advantage of any rise and consumers the advantage on a drop.

But small operators don't sell that way. They let customers order farther ahead—but strictly at firm prices. That protects only the seller.

•  
Higher prices for steel pipe place new burdens on the oil industry. They raise drilling expense. More important, they boost costs of new oil and gas pipelines required to break transportation bottlenecks.

All this limits the chance of any cuts in crude or petroleum product prices. Present indicators all point up rather than down.

•  
Heating oil crises will be past in a matter of a few weeks.

But that doesn't end the problem. Something very basic has happened. The Oil & Gas Journal notes a 20½% rise in use of distillate and kerosene over 1946. Figures for 11 months show: distillate and kerosene up 59,230,000 bbl., gasoline up only 53,623,000 bbl.

This means more of each barrel of crude must go into lower-priced fuels, less into gasoline. That puts a new squeeze on profits.

•  
One of the impressive January gains was in cotton. Consumption jumped to the highest level since last April.

At 860,000 bales, the January figure has been topped in only five months since the end of the war. In view of the fact that fabrics have been averaging lighter than a year ago, this means a whale of a yardage.

This month's break in the raw cotton price has the trade worried, however. Garment manufacturers have contracted for cloth on the basis of 36¢ cotton; they fear stores will balk at garments reflecting this cloth price.

This would hurt particularly if Easter sales should be disappointing.

•  
Labor force shifts after Christmas were about as expected. Employment dropped 800,000, but unemployment rose by only 420,000. The rest were temporary workers who dropped out of the labor force (BW-Jan.31'47, p10).

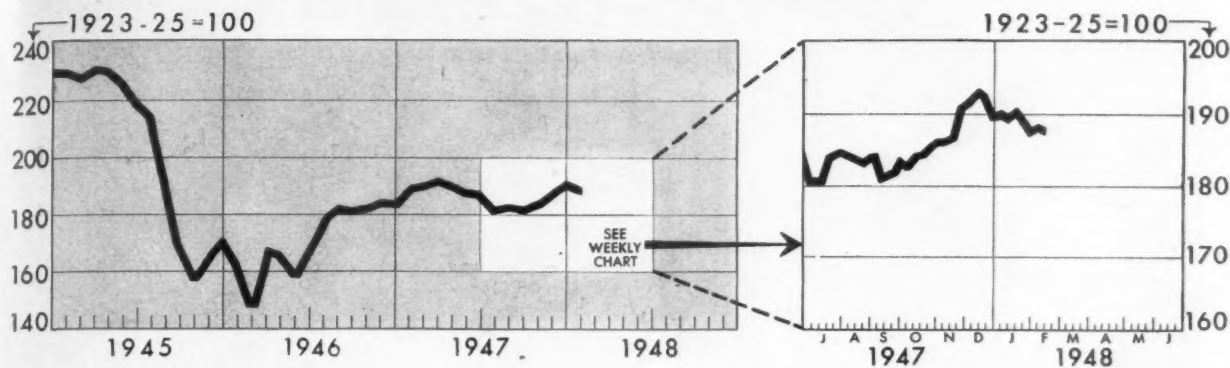
The number of workers with jobs in January was 1,760,000 above a year earlier. Unemployment in the same period was cut by 335,000.

•  
Here's a trick in dollar figures. Inventories worth \$771-million at the end of 1946 had department stores scared to death. At the end of 1947, everybody was happy though total inventories were \$768-million.

Price is the thing. The same money buys a lot fewer units now.



# FIGURES OF THE WEEK



## Business Week Index (above) . . . . .

% Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
*188.1	†188.6	190.8	190.6	162.2

### PRODUCTION

Steel ingot operations (% of capacity) . . . . .	92.5	92.7	96.1	94.1	97.3
Production of automobiles and trucks . . . . .	85,262	†82,717	109,031	97,276	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands) . . . .	\$19,373	\$19,832	\$14,881	\$14,971	\$19,433
Electric power output (million kilowatt-hours) . . . . .	5,385	5,412	5,370	4,778	3,130
Crude oil (daily average, 1,000 bbls.) . . . . .	5,347	5,333	5,326	4,758	3,842
Bituminous coal (daily average, 1,000 tons) . . . . .	1,921	†1,865	2,300	2,050	1,685

### TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars) . . . . .	76	74	81	76	86
All other carloadings (daily average, 1,000 cars) . . . . .	48	47	57	51	52
Money in circulation (millions) . . . . .	\$28,189	\$28,124	\$28,374	\$28,346	\$9,613
Department store sales (change from same week of preceding year) . . . . .	+10%	†+8%	+8%	+2%	+17%
Business failures (Dun & Bradstreet, number) . . . . .	128	97	61	62	228

### PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100) . . . . .	405.6	416.6	452.0	396.3	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100) . . .	277.8	282.4	285.3	267.2	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100) . . .	355.3	379.9	422.4	318.1	146.6
Finished steel composite (Steel, ton) . . . . .	\$78.59	\$78.59	\$78.18	\$69.82	\$56.73
Scrap steel composite (Iron Age, ton) . . . . .	\$40.08	\$40.50	\$41.83	\$33.75	\$19.48
Copper (electrolytic, Connecticut Valley, lb.) . . . . .	21.500¢	21.500¢	21.500¢	19.625¢	12.022¢
Wheat (Kansas City, bu.) . . . . .	\$2.41	\$2.82	\$3.10	\$2.23	\$0.99
†Sugar (raw, delivered New York, lb.) . . . . .	5.50¢	5.45¢	5.61¢	6.12¢	3.38¢
Cotton (middling, ten designated markets, lb.) . . . . .	31.94¢	33.05¢	35.21¢	33.45¢	13.94¢
Wool tops (New York, lb.) . . . . .	\$1.830	\$1.845	\$1.884	\$1.554	\$1.281
Rubber (ribbed smoked sheets, New York, lb.) . . . . .	20.42¢	20.65¢	21.75¢	25.75¢	22.16¢

### FINANCE

90 stocks, price index (Standard & Poor's Corp.) . . . . .	110.9	112.2	117.2	125.9	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's) . . . . .	3.54%	3.54%	3.51%	3.12%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's) . . . . .	2.85%	2.86%	2.85%	2.55%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average) . . . . .	1½%	1½%	1½%	1½-1½%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate) . . . . .	1½%	1½%	1½-1½%	1%	½-¾%

### BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks . . . . .	47,644	48,226	48,963	45,586	††27,777
Total loans and investments, reporting member banks . . . . .	64,410	64,879	65,088	63,549	††32,309
Commercial and agricultural loans, reporting member banks . . . . .	14,692	14,644	14,689	11,780	††6,963
Securities loans, reporting member banks . . . . .	1,538	1,417	1,449	2,258	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks . . . .	36,791	37,315	37,587	40,023	††15,999
Other securities held, reporting member banks . . . . .	4,195	4,212	4,258	3,946	††4,303
Excess reserves, all member banks . . . . .	910	840	1,540	779	5,290
Total federal reserve credit outstanding . . . . .	21,732	21,175	22,568	24,638	2,265

\*Preliminary, week ended February 14th.  
†Revised.

‡Ceiling fixed by government.

§Date for "Latest Week" on each series on request.  
††Estimate (B.W.—Jul. 12 '47, p. 16).



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## BATTERIES

# WASHINGTON OUTLOOK



**CRISES ABROAD**—which may easily occur during the coming spring and summer months—can upset any calculations you make today.

The politicians who are trying to run a political show are aware of this. They sense an air of unreality in all the current sparring for position.

For instance, Truman could lose for sure if he fumbles the Palestine question we told you about last week (BW-Feb. 14 '48, p15).

U. N.'s Palestine Commission underscored this threat to the Democrats with its demand this week for troops to enforce partition; the political dynamite in sending any American on such a mission is apparent.

**BUSINESS DECISIONS**—as well as election strategy—are involved in all this.

Will Britain's lean treasury force withdrawal of more troops from world hot spots? Cripps can only say: Possibly not—if Marshall Plan aid comes in time. In any place the British move out of, the U. S. will face the question of moving in—as in Greece last year.

Also, there's always the threat of Chiang's collapse. That would require expansion of U. S. Pacific defenses—money, materials, men.

And what if Truman should come up with "peace in our time" by working out a deal with Russia? There have been suggestions that Stalin is willing (BW-Feb. 7 '48, p15).

**A NEW LAWRENCE-OF-ARABIA** episode is in the making. And behind it there's at least a hint that Truman will renege on partition for Palestine.

The new "Lawrence" is an American—a former high State Dept. official and a man the Arabs count as their friend.

He flew from Washington last week—as a private citizen but with official knowledge of his journey—to talk to: (1) King Ibn Saud of Saudi Arabia, and (2) Azzam Pasha, secretary-general of the Arab League.

The American's hope is to talk the Arabs into standing by—peacefully—until the U. S. government can review its policy in support of partition.

His advice to the Arabs: "From what I hear it would be to your interest to wait."

Footnote on Palestine: The Marines who recently were sent to the Mediterranean are not primarily combat troops—as reported at the time.

Fact is they are specially trained evacuation forces. Their job: to get Americans out of the Middle East—fast—if the time comes.

Also, the U. S. has established a Port Consulate at Haifa, Palestine. There are 4,500 Americans in Palestine alone. Theoretically, any Port Consulate area has diplomatic immunity.

**SNYDER'S DEBT-REDUCING PLANS**—which business grumbles would tighten credit too much—are being torpedoed by Republicans as their price for giving Truman a full year's kitty for ERP.

It's a case of juggling the books. Here's how:

Vandenberg's bill authorizing ERP specifies that \$3-billion of the first \$5.3-billion shall be charged as an "expense" on the Treasury's books for fiscal '48.

That cuts down Truman's estimated \$7.5-billion surplus for this year—leaves less cash for retreating government paper.

Also, it gives the G.O.P. another \$3-billion to play with in fiscal '49. That's enough to insure tax cuts, more money for military aviation, and other pet projects—without cutting ERP.

Sen. Milliken concocted this scheme. Vandenberg grabbed it—it assures that Congress will O.K. his artfully drawn compromise bill, undamaged.

Ambassador Lew Douglas is no longer likely to head up ERP. He has convinced Vandenberg's committee that he really doesn't want the job.

So the search is on for a man for the top ERP job. Qualifications: a big name in business, preferably with wartime WPB experience—somebody like G. E.'s Charles Wilson. The State Dept.'s candidate now is Will Clayton.

Douglas presumably will get the No. 2 job of roving ERP ambassador to Europe, which he prefers.

**A REAL DRAFT-VANDENBERG** movement is under way.

Its managers believe they can begin to cash in now on Vandenberg's success in welding diverse elements of the Senate behind ERP. They figure that by June world developments will dictate the choice of a G.O.P. Presidential nominee.

Chief front man is Michigan National Committeeman Arthur Summerfield. Teamed with him are potent eastern senators, who aren't willing now to identify themselves.

The campaign hasn't yet got any blessing



# WASHINGTON OUTLOOK (Continued)

from Vandenberg. But he hasn't put any roadblocks in its path this time; last year he told his secretary-son and Summerfield to drop the idea.

The backers have convinced themselves that Taft and Dewey will deadlock the G.O.P. convention, kill each other off. So they're looking for second-choice commitments.

You can watch for a Gallup poll soon on Vandenberg vs. Truman and Wallace.

Pennsylvania is the juicy plum the draft-Vandenberg people are angling for.

Governor Jim Duff thinks he has lined up a majority of Pennsylvania's whopping 73-vote delegation; if so, the state will be steered away from either Dewey or Taft after its courtesy vote for Sen. Ed Martin.

Duff's all-out support for the Marshall Plan gives the Vandenberg team hope. They see Stassen as their only competitor for Duff's favor.

We're hearing more Stassen talk these days—particularly by visitors in from the Midwest.

But the Ohio primary still looks like Stassen's make-or-break test; it comes May 4. If he can rack up a respectable number of the 47 delegates in Taft's own state (say 10 or more), G.O.P. Old Guard leaders will have to reckon with him.

**A SECOND TAX BILL**—to overhaul corporate and excise phases of the federal revenue system—is being revived in talk around Capitol Hill. But it's just talk—as far as its chance of becoming law this year is concerned.

Knutson will decide whether there'll actually be such a measure—and he's in Florida.

House Ways & Means Committee members admit they are simply marking time until Knutson gets back. But they don't like it; they've chafed a long time under Knutson's iron rule.

If they had anything to say about a second tax bill, most committee members would rewrite much of the general administrative language of the revenue code—simplify it, take out nuisance red tape.

They argue: It wouldn't cost much revenue, but taxpayers would grumble a lot less.

Others on the committee yearn to cut down the wartime excise levies—on light bulbs, telephones, cosmetics, and the like.

Trouble is, once you start cutting excise rates,

it's catching. Congressmen say to each other: You vote to cut the one I don't like and I'll vote to reduce your pet peeve. That can cost the Treasury a lot of money.

Loss of revenue is the reason, too, that Congress would shy away from cutting out double taxation on corporate dividends this year.

Knutson probably will trot out a second tax measure, sometime next month. And House approval now appears likely.

But there's no steam behind the idea in the Senate. There, a watered down \$4-billion-plus version of the House income-tax-cut bill will be called up for a vote after the Marshall Plan debate. After that, Milliken's committee plans to shut up shop for this year on taxes.

**FOLLOW-THE-LEADER** practices in fixing prices for goods are due for some unpleasant publicity from Federal Trade Commission—if Congress can be talked into the idea.

FTC is asking Congress for \$185,000 to finance studies of "managed prices."

What FTC wants to do is to publicize the data—on costs, prices, and profits—in industries where (1) many producers traditionally string along with price leaders, and (2) profits, on a net worth basis, are juicy high.

Objective: to shame such companies into reducing their cut of the sales dollar.

So far, FTC has kept mum about saying what industries it would like to poke into; it doesn't want to stir up the lobbyists.

• For once we string along with a defeated political boss' alibi—Flynn's claim that the Democrats themselves lost New York's 24th Congressional District seat this week. Results show clearly that the Communists herded their strength to the polls; Democrats and Republicans stayed home. . . .

• Forrestal's order that all statements by military top brass henceforth clear through his office is an attempt to halt Navy and Air Force brawling over which is the nation's first line of defense. . . .

• Chances are that Congress will wind up voting just a month's extension of rent control to give itself more time to unsnarl differences of opinion over what breaks to give landlords for another year.

# WHEN

*is a machine too old?*

**T**HE ANSWER is not written in years.

It is written in the hourly output of your machine tool compared with the output of your competitor's machine. Any machine becomes obsolete the moment you can buy a new one which does the job more profitably.

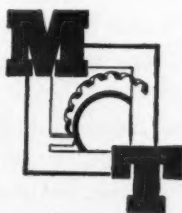
New, more productive machine tools are now available. Your competitors have some of them. Our members are offering more, and better and faster ones. They mean a new investment to you,

but they *do* do things to costs.

Obviously, you are not interested in generalities. Machine tool builders can give you specific information, operation by operation.

Unless you ask for that answer, you don't really know whether you are getting as much production from your shop as you might be getting.

Representatives of machine tool builders do have the latest figures. Why not look into it?



**NATIONAL MACHINE TOOL BUILDERS'  
ASSOCIATION**

**You can't meet Tomorrow's Competition with Yesterday's Machine Tools**



## ***"THE BEST IS YET TO BE"***

The telephone will be seventy-two years old this year. Its development within a single lifetime has been a modern miracle. Yet it is only the beginning.

There are any number of men and women in the telephone business today — some just starting out — who will see greater progress than the past has ever known.

Year by year the next half century will be increasingly theirs. New leaders will appear from among them. Step by step, rung by rung, they will mount the ladder to the top. For telephone management is employee management and comes up from the ranks.

There will be more good jobs in the telephone business in 1958 and 1998 than now. It just

can't help being that way. For of all the trades and professions there are few more interesting and necessary.

So the future is bright for those who work for the telephone company, for those who use the telephone and for those who have faith in its growth and development. "The best is yet to be."

**BELL TELEPHONE SYSTEM**







FOLLOWING THE MARKET, two farmers who have grain to sell scan the quotations that J. M. Jordan tabulates from radio reports at his Savoy (Ill.) elevator

## Farmers Figure They'll Do O.K.

Commodity price drop has brought them a \$2.5-billion loss on inventory, but they still plan to buy and produce heavily. Grain quotations' slide may reverse the downtrend in hog raising.

Some of the luster of the gold-plated farm market took on a dull finish when commodity prices tumbled. Experts figured this week that, in 10 days of declining values, a \$2.5-billion inventory loss was incurred. But farmers generally are not upsetting their buying, selling, and production plans because of it.

Here's a typical case: One Illinois livestock farmer puts his inventory loss at \$70,000 for the first week of the skid. He had 1,400 hogs, 400 steers, and normal feed stocks on hand. But the drop so far, he says, will not cause him to change his mind to any drastic extent about what he intends to purchase or produce.

• **Conclusions**—Talks with dozens of farmers at the National Farm Institute in Des Moines last week end support these conclusions:

**PRODUCTION** in 1948 will be little changed, if any, on the farm. Example: Farmers will continue to breed for late summer pigs which will make pork next year.

**MARKETING** of farm products will go along much as before. Farmers generally expect strong livestock prices and are not thinking of flooding the market with supplies now.

**PURCHASING** of farm equipment and

other things that farmers buy will not drop off this year.

• **No Surprise**—Most farmers' home-improvement plans, as well as desires to buy more equipment, are geared to income expectations. Of course, the drop in inventory values of farm products has had some dampening effect. But the income that farmers can see ahead has not yet been cut as much as they have long expected. And they count on government price supports if declines continue (page 20).

If farmers become more cautious in their buying, it probably will show up first in the "gray market" for farm equipment. Just before the price break, farm machinery often sold the same way as new cars in the "used" market—far above list quotations.

But the fine liquid condition of farmers (high bank deposits, hefty bond holdings, and very low mortgage debt), plus the government's price props, put them in financial position to buy all through 1948. Actual purchases, of course, will depend a good deal on the prevailing psychology. So far, it's good.

• **Meat Outlook**—Producers and packers still count on strong meat prices this summer. At least, they say, those prices will be strong compared to other com-

modities. But the mythical "\$30 club" (producers who expected to get that much per hundredweight for hogs in 1948) probably has no members today.

Owners are keeping a firm hold on meat animals. After the grain spill, livestock prices took a big tumble on Feb. 11; yet hog receipts in Chicago the next day were only half of what they were the same day the week before. Livestock ready for market, of course, cannot be held back indefinitely. But you can't see any panic among producers.

In Nebraska, some farmers are reported to be hanging onto gilts (young sows); they won't sell at the new price. This means the gilts will be bred and the 1949 supply of pork augmented. Pork production has been declining since the war peak. Now if grain prices drop more than pork prices, hog producers may halt this production slump.

• **Feeders Stuck**—Cattle feeders caught with steers that they bought for \$26 a hundredweight last fall and have fattened on \$3-a-bu. corn stand to lose heavily on the price decline. The feeders figure that cattle prices after the break were \$5 per 100 lb. below production costs and \$15 below what they had expected to get. Beef cattle supplies, too, have declined since the wartime peak. There is nothing yet in the price picture to indicate a turnaround in production plans. Dollar wheat, which could come if Congress fails to extend the price support program, would boost beef production up by putting marginal land back into grazing—since it would be unprofitable to use it for wheat. But wheat's now around \$2.50 a bu., and the promised support levels wouldn't force producers out of grain and into cattle.

If grain prices do go on down, it seems likely that cattle and calves on feed would be held longer, fed heavier, to cash in on the higher meat prices that farmers expect.

• **Who Did It?**—Farmers and their customers are still trying to figure out what happened to prick the price bubble. Some market analysts say the housewife did it when she refused to buy rib and loin cuts of beef at mid-January prices. With normal cold storage facilities full, and public eating places already consuming at capacity, packers for the first time in months put the top-grade cuts of beef into the retail pipeline—which quickly backed up. Meat stocks in cold storage hit 1-billion lb. on Feb. 1—second highest for that date in 11 years. Butchers soon were telling each other a gag they picked up from the packers: "The only persons eating top-grade steaks are living on expense accounts."

There's also a slightly different theory

being advanced to explain the price puncture: Although regular meat storage capacity was full, there were other places where packers could stow away inventory. But tighter bank credit stopped

any plans packers had for seeking additional space. Even though an expected shortage of meat this summer made more meat in storage look smart for packers, caution among both bankers

and meat men squelched those ideas. The result was that top grades of beef went onto the market instead of into storage. And, bingo, prices had to give when the housewives wouldn't.

## How the Government's Farm-Price Supports Operate

Since the war most farm commodities have sold far above parity levels. But recent break poses support problem anew.

The February break in commodity prices formally poses the question that long has lurked in many businessmen's minds: What will the government do if a lot of farm products fall to the floor of 90% of parity set by Congress?

• **Basic Group**—For 20 of the country's most important farm products, the promise of support prices is good through the end of 1948. (Commodities covered are the six so-called basic farm products: corn, wheat, cotton, tobacco, rice, and peanuts for nuts; and the "Steagall act" list of hogs, eggs, chickens, turkeys, milk, butterfat, certain types of dried peas and beans, soybeans for oil, peanuts for oil, flaxseed for oil, American-Egyptian cotton, potatoes, and cured sweet potatoes.)

Congress is considering extension beyond 1948; betting is that the extension will be voted.

Some wheat farmers have expressed worry that they might not be able to get loans even if wheat drops to the support level. Reason: The Dept. of Agriculture decided to "close" the loan program on the 1947 wheat crop last Dec. 31. They don't have to worry. The Secretary of Agriculture can reopen the program as easily as he closed it. And he will, if necessary; farm-bloc congressmen will see to that.

• **More Questions**—Then come some more questions: How much will all this cost? Where will the money come from? How will the federal supports be handled? Can the line actually be held at 90%, come what may?

Any responsible authority cornered on those questions will answer with a lot of "ifs" and "buts."

Nobody can guess how many farm products will sink to 90% of parity—nor how soon. That will determine the size of the primary problem.

• **Other Commodities**—Then, too, the Dept. of Agriculture is "permitted" to support more than 140 more farm products (aside from the favored 20) at a percentage of parity to be named by the Secretary. That's the secondary problem.

Finally, parity isn't a stationary price. It is the ratio of prices of products the

farmer sells to the cost of the things he buys. It changes every month. Farmers were getting an average of 133% of parity on Jan. 15. Since then, prices received have fallen sharply, but prices paid haven't varied much; that redoubles the speed of the relapse toward parity—and, ultimately, the 90% support level.

• **Experience**—What happens if this gets out of hand may be judged only in the light of past experience:

The government now is buying many foods for European relief. This could be turned into support buying.

Export subsidies have been used in the past—and could be used again—to prevent surpluses from piling up.

But the basic support tool has long been the storage loan. The farmer puts his crop in approved storage and the government gives him a callable loan to carry it. The government ultimately says: "Pay up." If the amount of the loan is more than the stored crop will bring on the market, the farmer simply replies: "You keep it; I don't want it."

• **For Instance**—The government came into a lot of cotton that way. In 1939, it took title to 6.9-million bales. Total

surplus of U.S. cotton at that time came to around 13-million bales. Prospects of the government getting out whole didn't look too bright.

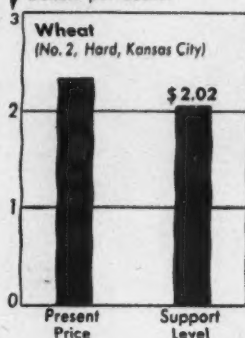
But the war changed that. Commodity Credit Corp., which runs most of the government's loan and purchase operations, began selling cotton in 1942 at 19¢ a lb.—and the price went up from there. By the end of 1947, a loss of \$27.4-million piled up between 1933 and 1941 had been turned into a \$237-million profit.

• **Repeat Performance?**—That may not typify what the country is to expect in the huge support program if prices generally go below 90% of parity. What's more, it won't happen again in cotton.

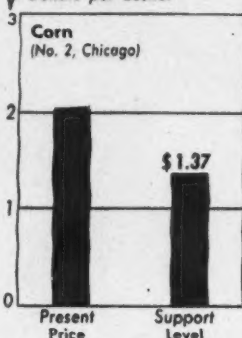
Beginning with cotton pledged under loans in 1938, CCC has "pooled" what it acquired under each year's loan program. If there is a loss, the government is out of pocket. But if there is a profit on sale of that year's cotton, each producer shares in it.

• **Few Loans**—Right now, loans to farmers for carrying crops aren't large. Even so, loans totaled \$280-million at the end of last year. Of this, about \$176-million was against tobacco.

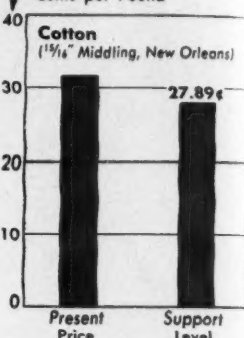
Dollars per Bushel



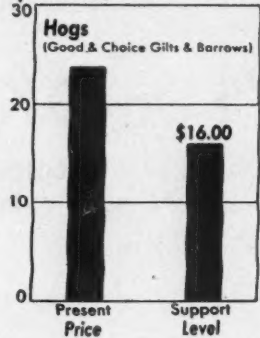
Dollars per Bushel



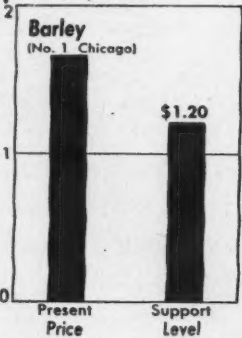
Cents per Pound



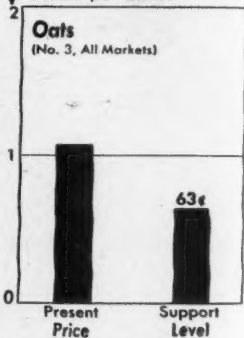
Dollars per cwt.



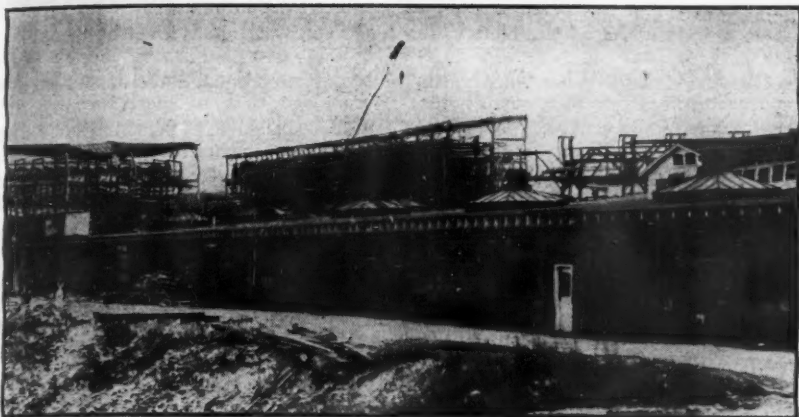
Dollars per Bushel



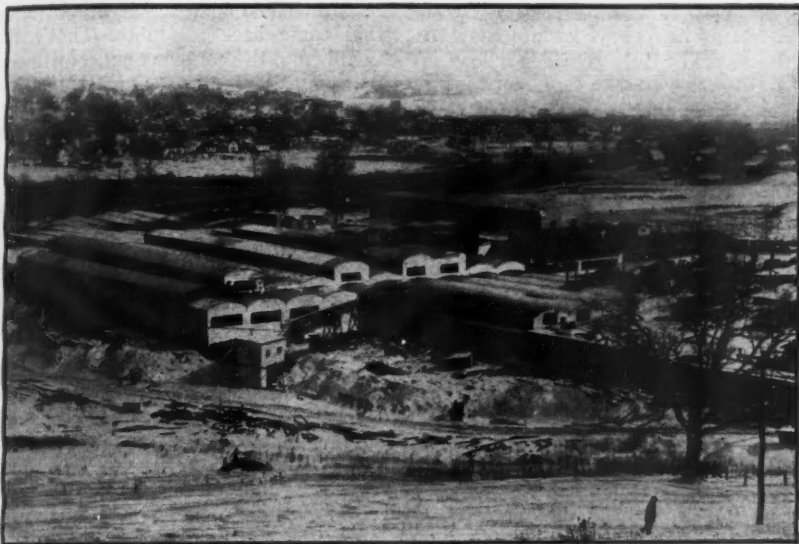
Dollars per Bushel







THE END of a chapter for this burned-out pottery in Scio, Ohio turned out to be . . .



THE BEGINNING of a new chapter because of employee-industry cooperation

## A Pottery Plant Comes Back

Scio-Ohio Pottery Co. returns to production two months after disastrous fire ruined the factory. Potters, townspeople did the rebuilding; industry gave top priority to needed materials.

On Dec. 11, 1947, flames roared through the Scio-Ohio Pottery Co. plant. Within a matter of minutes they left half the building a charred, twisted ruin. In the embers of what had been a successful dinnerware factory lay the jobs of 800-odd employees. Since the building was uninsured, it looked like the end of the only industry in the town of Scio, Ohio (pop.: 1,200). And for owner and president of the company Lewis P. Reese, it looked like the end of a career.

Last week, only two months after that fateful day, the Scio-Ohio Pottery Co. was in operation. Behind that recovery is a story of remarkable cooperation among the townspeople, the fac-

tory's employees, and U. S. industry.

• **Daybreak, Dec. 12**—The story really started at daybreak on Dec. 12. In the gray light of the dawn, half the town's population showed up at the still-smoldering factory. As each arrived, he began to work feverishly at clearing away the debris. There were a minister and a tavern-keeper; merchants, housewives, employees of the pottery. All worked without pay, wielding shovels and picks. The people had decided that they would rebuild Scio-Ohio themselves.

Those who weren't working in the ruins plotted and planned how to get scarce materials for rebuilding. They sent wires and made phone calls. They didn't have to wait long; industry re-

sponded fast. Five days after the fire, 2,000 tons of steel and tons of other building materials began rolling in. Some of the critically needed stuff came in by air express.

• **Industry Comes Through**—A key man in the quick delivery was Ernest T. Weir. He notified his Great Lakes Steel Corp. of Scio's plight. Great Lakes shipped out steel and cranes; Weir added a staff of engineers to oversee the rebuilding job. Carnegie-Illinois and Wheeling Steel also sent steel right out. Westinghouse gave priority to enough electric motors to replace the 500 destroyed in the fire. The War Assets Administration rushed valuable equipment needed in the rebuilding job. Other equipment-makers kept pace with these quick deliveries.

As soon as the stuff got there, 300 employees—men and women—went back on the plant's payroll. But instead of being potters, they were now steel erectors, carpenters, electricians, cement workers. And they worked for \$1 an hour, regardless of what their previous wages had been. Reese, dressed in old clothes, worked right along with them, taking orders from construction engineers. Ladies aid societies from the churches all over the county fed the workers on the job.

• **Results**—Like anxious mother hens, the engineers hovered nearby to see that the green builders did the job right. They were astonished at the result: In 63 days, the men and women erected 180,000 sq. ft. of buildings. Of these, 60,000 sq. ft. were the Quonset type, 120,000 sq. ft. were Stran Steel framed sheds.

The Quonset buildings were put up at the rate of 950 sq. ft. per day. Great Lakes Steel Corp., maker of the buildings, says this is a new record. The previous record of 800 sq. ft. a day was set in Texas City, Tex., after last year's



THE BOSS turns laborer: President Lewis P. Reese of Scio-Ohio Pottery



disastrous explosion (BW-Apr.22'47, p22).

• **Gratitude**—The main thing that set off this demonstration of goodwill was Scio's high regard and gratitude for Lewis P. Reese, 55. In this crisis the townsfolk remembered that in the depth of the depression it was he who got the town off its back.

Reese had literally stumbled on the factory in Scio. From the age of 15, he had been a potter in East Liverpool, Ohio. During the lean years of the early thirties (made leaner by imports of cheap Japanese pottery), Reese and his co-workers used to go hunting for rabbits to give them more meat. One such hunt took them to Scio, where, in a field grown high with briars, they found the remains of a pottery. It had gone bankrupt 10 years before and had been abandoned.

• **Decision**—Reese was broke, but he decided to buy the pottery. He had a lot of ideas for streamlining the industry.

Reese got the plant for \$8,000 in back taxes, plus an agreement to pay 5¢ on the dollar for the \$85,000 in plant bonds held by Scio residents. When the kilns were ready to be fired three months later, Reese had 11¢ in cash and owed \$19,800. People dodged him for fear of a "touch." They ran away even when he tried to repay them later; they figured he was still looking for money.

• **Nothing to Lose**—Despite the odds against him, Reese went ahead. He found six potters willing to take a chance on his promise that he would pay them later. They had nothing to lose—all were unemployed anyway.

One of Reese's ideas was a mechanical conveyor system. He installed it along with several other manufacturing short cuts. Finally, he specialized in putting out only one china pattern—a plain white. Result: Reese quickly undersold his competitors, thus came out of his financial doldrums.

Today Reese's gross income is running at about \$5-million a year, his payroll at some \$150,000 per month. This success has meant a great deal to the town of Scio. One indication of it: In February, 1932, the bank's resources were about \$285,000; today they stand at \$2.4-million.

• **No Union**—What endeared Reese most to the hearts of his employees was his generous labor policy. He had been a member of the National Brotherhood of Operative Potters (A.F.L.) when he was a worker. But when the union tried to get into Scio-Ohio Pottery a few years ago, the employees voted it down by a 99% margin.

As the employees saw it, there was no reason to have a union. Reese paid them a wage 20% above the going rate. In addition, he gave bonuses each year. (The first, a year after he opened up

shop, was a 39¢ box of chocolates; in 1946 the sweetening amounted to \$705,000.)

• **Cheap Housing**—When the housing squeeze came, Reese built small homes, sold them to his workers at cost. But by the time he got the fourth house built, Reese found that the cost had gone from \$5,200 to \$6,200 each. He took the loss himself (on one condition: Each employee had to promise to spend \$10 for an electric door chime, a gadget that Reese likes).

• **No Problem**—The cost of rebuilding the plant will come to well over \$1-million—all of Reese's reserve and more. But he faces no real financial problem. To show what he could count on from them, a handful of employees tossed \$1,000 into a pot even before the fire was out. Wheeling, Pittsburgh, and Cleveland banks have let him know that they would gladly consider a loan.

With this kind of confidence behind him, Reese has made capital out of disaster: In its rebuilding, the plant is being enlarged to raise output from 20,000 to 25,000 doz. cups and dishes a day.

Lew Reese has come back. But he gives the credit to the town of Scio. Said he just before the big celebration last week: "I've invested in human nature in this community, and no man ever received greater profits than its goodwill."

## WHAT IS "PERSONAL"?

Industrial machinery and equipment in Ohio can definitely be considered personal property for tax purposes, the State Supreme Court said last week. The decision came in a case brought by Mosaic Tile Co. and Roseville Pottery Co., both of Zanesville. They sued to compel tax authorities to recognize their kilns and other equipment as personal property under Ohio tax laws.

Here is the background of the case: Up to a few years ago real estate and personal property were taxed on the basis of 100% of valuation. Then the legislature changed the law; it put personal property taxes on the basis of only 50% of valuation.

So big industrial companies sought to have all machinery, equipment, and structures classified as personal property. A few years back, Standard Oil of Ohio won a favorable verdict from the State Supreme Court. Then Republic Steel got a similar verdict. The new case makes those two decisions generally applicable.

Involved in the decision are millions of dollars of tax revenue. Many counties, in addition to losing future income, face the task of digging up and returning tax money paid under protest. Especially hard hit will be counties depending upon one or two large com-

panies for the bulk of their tax revenue.

Typical is Lorain County, where National Tube Co. is the largest single taxpayer. National Tube demanded two years ago that its blast furnaces and mills be classified as personal; since then it has been paying under protest. (The county refused to change classification pending the Supreme Court decision.)

## Back for More

Northwest Airlines is so pleased with its first 10 Martin 2-0-2's that it has placed an order for another 15 of them.

A satisfied Glenn L. Martin customer has come back for more. That's the word from the company and Northwest Airlines. This week they jointly announced a \$4.5-million contract that will put 15 more Martin twin-engine 2-0-2 transports on Northwest's domestic routes.

• **Satisfied Customer**—Northwest was the first airline to get the 2-0-2 (BW-Aug.23'47,p26). It already has 10 in operation on its shorter runs. The plane's performance has more than come up to expectations, says president Croil Hunter.

With gross weight of 39,900 lb., the 2-0-2 is approved for takeoffs as short as 3,510 ft. This means it can still operate from the smaller fields built for the slower prewar ships.

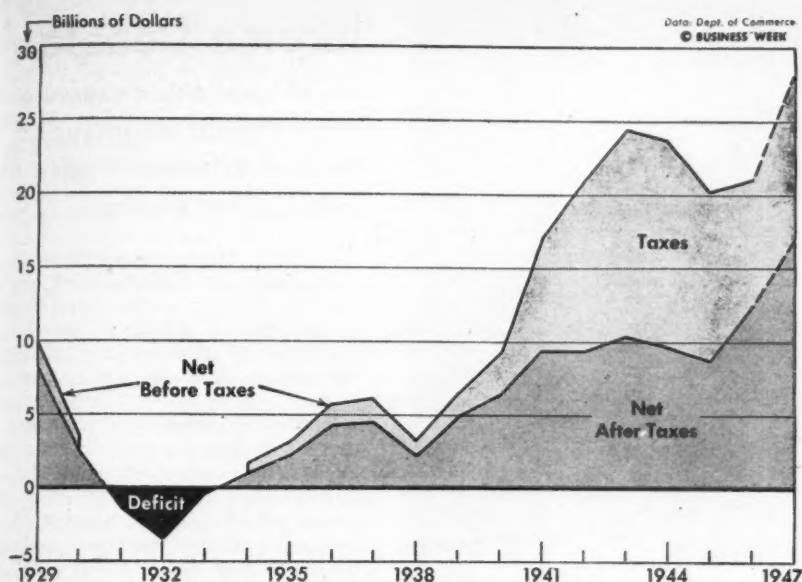
• **New Model**—Northwest's new order is for the 36-passenger model. The plane has more cargo space and carry-on baggage room than the original 2-0-2. For passengers' comfort, there's a bigger galley equipped for complete hot-food service, plus a large coat room and a compartment for hand luggage.

Built-in loading steps, quick underwing fueling, accessible service compartments will help cut down ground time.

A face-lifting treatment will give Northwest's first ten 2-0-2's the same advantages.

• **Delivery Schedule**—Production of the new transports is more than half finished. Deliveries—one a week—will start in March, end in June. By July 15, the company expects to have retired all its Douglas DC-3's in favor of the new craft. By next spring, it plans to have its permanent home fleet going full blast.

This will include, besides the 25 Martins, 10 Boeing Stratocruisers. The airline will continue to fly its four-engine DC-4's for nonstop and limited-stop flights; the DC-4's will also go to Alaska, Tokyo, Shanghai, Okinawa, and Manila for the rest of 1948. In 1949, Stratocruisers will take over the international routes.



CORPORATE EARNINGS both before and after taxes topped all records in 1947

## Will Profits Stay Up?

That's what corporate executives ask as they look at 1947's record, built on big business volume. Two worries: the amount tied up in inventories, and the rising breakeven point.

Most businessmen knew that they were making money last year. But it wasn't until the final quarter that many of them realized just how spectacular 1947 earnings were going to be.

• **The Score**—And this week, as the stack of 1947 annual reports grows, one thing is obvious: By any standards, corporate earnings in 1947 were far and away above anything in history.

According to preliminary Dept. of Commerce estimates (chart), corporate profits before taxes last year hit \$28-billion. State and local levies took \$11.1-billion, leaving a net after taxes of \$16.9-billion. That is almost half again as much as the \$12.5-billion of 1946. And 1946 topped all previous years by a wide margin.

• **A Catch**—There are some strings tied to the total, though. Hence, comparisons with other years are likely to be deceptive.

For one thing, \$4.9-billion of the 1947 net income represents inventory profits rather than earnings from operations. This is pretty much typical of a period of rapidly rising prices. These paper profits are still tied up in the inventories; if industrial prices turn down suddenly, such profits may be wiped out by inventory losses.

Also, from a stockholder's viewpoint, there is a lot of difference between what a corporation takes in and what it pays out in dividends. Expenditures for new

plant and equipment have been putting a heavy load on corporate budgets. Many companies have plowed back a large part of their earnings instead of passing them along to the stockholders (BW—Feb. 14 '48, p95).

• **Good All the Way**—Many executives thought they saw a tendency for rising costs to chew deeper and deeper into profits as the year went along. But a breakdown of the year into quarters shows that, for corporations generally, 1947 was a good year all the way.

The first quarter was the best. Profits after taxes hit a seasonally adjusted annual rate of \$17.4-billion in the three-month period. In the spring and summer, the rate dropped down to \$16.6-billion. But the final quarter brought it back up to \$16.8-billion, only a shade below the average for the year and well above the \$16.1-billion annual rate of the last quarter of 1946.

It is true, though, that some industries ran into trouble last year. A fair number of companies—mostly in the soft goods lines—failed to equal their 1946 earnings (table, page 24).

• **Hard-Goods Year**—Essentially, 1947 was a year for the hard-goods producers and basic industries.

The steel industry, for example, scored thumping gains over strikebound 1946, almost without exception. U. S. Steel Corp. reported a net of \$126,704,000 against \$88,622,000 in 1946. For

Big Steel, 1947 was the best year on record, except for 1929. Bethlehem Steel boosted its net from \$41,732,000 in 1946 to \$51,088,000 last year. Jones & Laughlin climbed up from \$10,854,000 to \$22,384,000. Republic went from \$16,033,000 to \$31,018,000.

Chemicals also had a banner year. Monsanto, for instance, increased its net from \$10,084,000 to \$15,562,000. Union Carbide went up from \$57,206,000 to \$75,667,000.

Farm machinery producers scored big gains as more steel became available and production worked up toward capacity. International Harvester more than doubled its income—from \$22,326,000 in 1946 to \$48,469,000 in 1947. Deere & Co. went from \$9,566,000 to \$13,864,000. J. I. Case made \$4,916,000; its earnings in 1946 were \$1,483,000.

• **Soft Spot**—Soft goods producers, on the other hand, have a spotty record. Many took some painful losses in the spring of 1947 when textile buyers got out of the market in an effort to force prices down.

American Woolen, for instance, saw its net drop from \$20,098,000 in 1946 to \$15,270,000 last year, in spite of a \$5-million increase in sales. Burlington Mills came out about \$900,000 under its 1946 total. Continental Baking was down from \$7,510,000 to \$5,552,000. U. S. Rubber dropped from \$23,208,000 to \$21,753,000. Movie earnings were generally off (BW—Feb. 7 '48, p84).

But the meat packers had a wonderful year (BW—Feb. 7 '48, p87). And most of the tobacco companies came through with good increases. R. J. Reynolds hiked its net from \$27,973,000 in 1946 to \$32,132,000 last year. Liggett & Myers was up from \$18,369,000 to \$22,901,000.

• **Retail Picture**—Outside of manufacturing, the 1947 results generally were not so impressive, though they still were good by anybody's yardstick.

Retailers close their books on Jan. 31, so their annual reports are not in yet. The trade expects profits to run considerably below 1946, but a terrific Christmas season did a lot to take the edge off disappointment in the results of the earlier part of the year.

• **Rails and Utilities**—Railroads, with a couple of rate increases under their belts, did much better in 1947 than they did in 1946 (BW—Jan. 17 '48, p72). Net earnings for the year ran around \$450-million, the best since 1930. But railroad men are not forgetting that 1930 was a depression year.

Utilities generally made a poorer showing last year than in 1946 (BW—Jan. 3 '48, p46). Like the rails, they have been mousetrapped by a special version of the cost-price squeeze. Their costs have been rising steadily, but they have to wait for permission from slow-moving



public service commissions before they can boost rates.

• **Worries**—There are two things that worry most businessmen when they look over the operating figures for 1947.

One is the fear of a quick break in industrial prices and the losses on inventory that would follow inevitably. The sudden tumble of the commodity markets in recent weeks (BW—Feb. 14 '48, p. 19) hasn't made anyone feel too comfortable on this score.

The other big worry is the old question of breakeven points. In general, 1947's earnings were the product of

enormous volume. Big Steel, for example, did a gross business of more than \$2-billion to earn its \$126,704,000 net. Its shipments for the year totaled more than 20-million tons. By comparison, in 1929, when it cleared almost \$200-million, its tonnage was about 17-million tons.

With wages and other costs high and inflexible, even a small drop in volume could wipe out a large part of all corporate earnings, big as they are. The soft goods producers saw that last spring. That's why most executives are keeping their fingers crossed.

## Income Debate

**Accountants disagree as to what should be included in financial statements to give true picture of net earnings.**

With the 1947 annual reports rolling in, many a stockholder this week worked his way through the fine print with a question in his mind: Just how much do the formal statements tell him about the earnings of a company in any particular year?

• **Baffling Question**—Anyone who has ever wrestled with a financial statement knows that income is what the accountant says it is, not something that comes out of an adding machine automatically. Most laymen have only the haziest idea of which items went into a net earnings figure and which were kept out.

If it is any comfort to the baffled stockholders, accountants themselves admit that they are a long-way from being of one mind on the question. At the moment, the profession is having a dignified but vigorous debate over the definition of net earnings and the items that compose it.

• **Two Theories**—On one side of the argument are the advocates of the "all-inclusive" concept of net income. They say that anything that changes the net worth of a company (except dividends and capital changes) should go into the income account, no matter how unusual it is.

The opposing theory is the "current-operating-performance" concept. It holds that the accountant should comb out extraordinary items that would distort the final income figure. He should show them separately instead of charging them to income for the year.

• **How They Work**—Here is how the two theories would work:

Say two companies in the same line of business have approximately the same earning power. In 1947, each clears \$2-million on its regular operations. But also in 1947, Company A sells a plant for a profit of \$1-million over book value, and Company B sells a plant for a loss of \$1-million.

Under the all-inclusive concept, Company A would report net earnings of \$3-million (\$2-million on regular operations plus \$1-million on the plant sale). Company B would report a net of \$1-million (\$2-million on regular operations less \$1-million on the sale of the plant).

Under the current operating performance theory, each company would report net earnings of \$2-million. Profit or loss on the plant sale would be charged directly to surplus without

## Sales and Profits of 50 Corporations

Record business volume produced record profits for most U. S. corporations in 1947. But costs also went up rapidly during the year. In some lines,

they pulled last year's net below 1946's. Here is how a group of 50 representative manufacturers made out during the two years (000 omitted):

Company	Sales		Net Earnings	
	1947	1946	1947	1946
Air Reduction.....	\$85,516	\$71,218	\$5,702	\$4,550
Allegheny Ludlum.....	106,600	95,100	6,003	6,599
American Steel Foundries.....	16,340	12,166	1,114	917
American Woolen.....	175,993	170,811	15,270	20,098
Bethlehem Steel.....	1,032,338	787,721	51,088	41,732
Burlington Mills.....	62,187	55,963	5,430	6,347
Carrier Corp.....	52,911	23,476	2,273	309
J. I. Case.....	81,229	38,246	4,916	1,483
Caterpillar Tractor.....	189,120	128,437	9,957	6,112
Celotex.....	46,872	33,090	6,228	3,824
Continental Baking.....	150,285	125,761	5,552	7,510
Cook Paint & Varnish.....	27,495	20,941	2,858	1,809
Deere & Co.....	212,015	145,178	13,864	9,566
Derby Oil.....	9,564	6,748	1,428	621
Endicott Johnson.....	142,029	105,889	2,938	2,377
Flintkote.....	73,625	52,577	7,802	3,711
General Baking.....	103,439	78,989	2,740	3,965
General Cigar.....	35,611	27,283	1,598	1,656
General Portland Cement.....	14,712	12,042	2,625	1,957
Hercules Powder.....	131,270	100,728	12,934	8,410
Inland Steel.....	316,339	218,757	29,889	15,557
International Harvester.....	741,252	482,328	48,469	22,326
Jones & Laughlin.....	350,132	246,298	22,384	10,854
Kaiser-Frazer.....	260,975	11,504	19,505	D19,285
Liggett & Myers.....	513,771	464,508	22,901	18,369
Lone Star Cement.....	49,962	39,848	6,330	5,293
Mathieson Alkali Works.....	24,630	20,524	2,931	2,033
Manhattan Shirt.....	27,580	19,625	1,045	1,125
Monsanto Chemical.....	143,403	99,591	15,562	10,084
Mullins Mfg.....	37,631	19,938	4,795	1,084
National Supply.....	133,571	98,895	8,592	3,028
Newport Industries.....	15,427	13,363	2,585	2,281
Noma Electric.....	28,580	45,819	2,763	3,128
Oliver Corp.....	73,783	50,841	4,072	2,004
Pressed Steel Car.....	59,300	25,211	1,207	D446
Purity Bakeries.....	69,022	59,115	3,272	3,424
Republic Steel.....	649,824	415,750	31,018	16,033
R. J. Reynolds Tobacco.....	708,494	613,106	32,132	27,973
Sharon Steel.....	90,000	54,164	6,722	2,858
Sutherland Paper.....	25,178	19,730	2,364	1,611
Timken-Detroit Axle.....	56,308	37,974	4,259	2,256
Union Carbide & Carbon.....	528,548	419,049	75,667	57,206
U. S. Gypsum.....	108,406	85,361	16,532	12,414
U. S. Rubber.....	580,968	494,753	21,753	23,208
U. S. Steel.....	2,122,786	1,496,064	126,704	88,622
United Wallpaper.....	6,991	9,567	232	1,026
Ward Baking.....	81,115	70,744	2,531	3,643
Warner & Swasey.....	14,706	15,445	375	515
Westinghouse Air Brake.....	78,991	63,608	13,377	9,700
Youngstown Sheet & Tube.....	308,571	218,487	22,300	14,255

D—Deficit.



going through the income account.

• **Which Is Better?**—The question is: Which method gives a better picture of what happened during the year? The all-inclusive accountants argue that unless the profit or loss shows up in earnings, stockholders or investors are likely to overlook it entirely. Current-operating-performance accountants counter by saying that the all-inclusive method would make investors think Company A has three times the earning power of Company B when actually they are equal.

In the past, the Securities & Exchange Commission has favored the all-inclusive idea. Once it was ready to make the method compulsory for the reports of listed corporations. Accountants talked the commission out of that, but SEC still favors putting everything possible through the income account.

Investment bankers and underwriters are mainly interested in a company's earning power rather than the results of any one year. So they have been plugging for wider use of the current-operating-performance method. Goldman, Sachs & Co. has led the fight.

• **Extraordinary Items**—The American Institute of Accountants recently tried to straighten out the confusion by getting out a research bulletin on the subject. Its Committee on Accounting Procedure adopted (by a vote of 18 to 3) a carefully hedged form of the current-operating-performance method. The committee says that as a rule everything should clear through the income account, but if there are extraordinary items that would make the total misleading, they may be excluded.

Among extraordinary items it lists: (1) charges or credits relating to the operations of prior years; (2) items resulting from unusual sales of assets; (3) losses from war, earthquakes, and similar calamities; (4) write-offs of intangibles; and (5) write-offs of unamortized bond premiums under certain conditions.

Special reserves for possible inventory losses and extra depreciation to take account of rising replacement costs do not qualify for deduction from income under the committee's recommendations. Strictly speaking, this question is not part of the controversy over the definition of net income. But it, too, is a hot subject right now.

• **Guides, Not Rules**—Recommendations of the institute's committee on procedure are intended as guides for practicing accountants. But they are not binding. Hence, the question of what does or does not go into net income is still a long way from settled. For the present, all a stockholder can do is read all the footnotes and then make the best guess he can. If he realizes he may be wrong, he is just that much better informed than the next man.



MODERN DESIGN is the watchword of C. Forbes Sargent, president, Sargent & Co.

## Sargent Expands

Big hardware manufacturer buys maker of hand tools. Firm streamlines production methods to cut costs, boost sales.

For 90 years Sargent & Co. has made builders' hardware—especially locks that baffled burglar and Peeping Tom alike. Now the New Haven company is moving to extend its less well known line of hand tools. Last week Sargent announced that it had paid cash (amount undisclosed) for the 78-year-old William Schollhorn Co., also of New Haven, makers of Bernard brand tools.

Sargent thus acquires the Bernard "Parallel Action" pliers. These are cherished by electricians in all corners of the globe where poles are climbed or wires snipped. Compound leverage on the handle gives the jaws a merciless grip, enables the wire cutter to shear easily through a ten-penny nail. Also included in Schollhorn's \$1-million yearly sales are hedge clippers, leather and stationery punches, similar specialty tools.

• **Price Cut**—In another direction Sargent is preparing for the inevitable. It has qualified for the anti-inflation club by slashing the price of an important item when it didn't have to. The reduction, which stirred the building trade to its sills, involves Sargent's new Integrallock. This is a de luxe lock, suitable for commercial and government buildings, or for the front doors of Long Island manors.

Sargent introduced this lock in 1946 at \$19.90, retail. In the general price rise in January, 1947, the lock went to

\$24. Now it's down to \$18. The company says that the cut simply passes along to buyers savings made in design and product engineering.

• **Some Changes Made**—The new lock is a symbol of revised Sargent policy all down the line. Changes since the war involve sweeping improvements in production methods and drastic reduction in the number of items that the company markets. Most dramatic example of this is the comparison of catalogs. The 1941 book had 643 pages; the 1947 edition had 134 much smaller pages. In 1941 there were 5,860 listings in the index; in 1947, there were 350.

Sargent timed its innovations with skill. The company chose an era of peak demand and generally slow deliveries. By concentrating on fewer models and fewer lines, it was able to make fast delivery. Buyers were so grateful for prompt shipment that they forgot to get sore at not being able to obtain all the styles to which they were accustomed.

• **Hand to Machine**—The company calls its new Integrallock "revolutionary." Seven years—including delays caused by war work—went into its development. An old union lock of this type was a cumbersome contraption which had been made in exactly the same way for decades. It had 64 moving parts, all of them hand-filed and hand-fitted at benches by skilled workmen. The new Sargent lock has only 42 moving parts. Its components are made with greater precision and require little hand finishing.

The new design is also much more compact than the lock it replaces. Moreover, where old mortise locks had to be installed in the door piece by piece, the new lock goes in as a single unit—at a great saving to the builder. Sargent has discontinued the traditional model, and is concentrating sales efforts on the new version.

"Demand being what it is," a Sargent executive says, "our main point of sales resistance to this lock is incredulity. Contractors and home builders are so used to higher costs that many think there is something suspicious when a price comes down."

• **Production Lines**—A passerby would never guess from the weathered Sargent buildings that a drive toward modern economies has convulsed the interiors. Moving belts have been installed wherever justified; girls have taken the places of many skilled but aging men. On one lock model, an old-timer makes 35 a day by hand. A girl, aided by power tools and other machines, makes 150 a day.

The Sargent foundry was once typical of the established New England plant. Most of the back-breaking work was performed in an atmosphere thick with dust and heat. By spending \$250,000, Sargent mechanized its foundry, re-

duced labor to a minimum, cleaned the air with circulators.

• **Parts Flow**—A major source of scrap metal today is a vast pile of discarded iron stock bins and framing. It came from the old "semifinished store room." Formerly 20,000 different parts were held here until needed in final assemblies. As now engineered, the flow of parts is constant from point of origin to finished product. This has eliminated the semifinished storeroom and its staff of 70. It has left entirely vacant a room 350 ft. long.

The shipping room was another target for the cobweb-sweeping broom. Formerly it was a wilderness of bins, where packers went to fill orders ranging from one item up. The packer estimated the size of the wooden case he would need for shipping, maybe revised his estimate and the arrangement of his packing several times. Now the wood shipping box is out; so is the broken-lot order.

As revised, all items are packed in standardized cartons which can be stamped and shipped as is. They are stacked in a fraction of the space once occupied by bins. The packages contain half-dozens or multiples thereof. As in many other industries, no orders are accepted for odd amounts. This change lets Sargent ship twice its 1940 volume with one-half the shipping-room labor costs.

• **Family Concern**—Such applications of logic affirm the virility of the old Yankee strain. Developments under founder Joseph B. Sargent were, for his day, comparable with those now taking place under his grandson, C. Forbes Sargent, now president. Founder Sargent put in what was said to be the first freight elevator in any New Haven factory.

Today the company, with its \$4,936,000 assets, shares top honors in the lock industry with Yale & Towne, and American Hardware Corp.

Sargent executives (in addition to president Sargent) include:

Henry T. Bourne, vice-president and general sales manager, who is responsible for many recent reforms.

Herman R. Giese, vice-president and works manager, who took the lead in putting many Sargent products on modern assembly lines.

W. Sargent Lewis, vice-president in charge of engineering research and a cousin of the company president, who handled the development of the Integralock.

• **Foresight Pays**—During the war, Sargent was able to stick pretty much to its regular hardware lines, since they were needed for essential projects. The company did manufacture bomb shackles (holders) for planes. But Sargent was one company which tackled peace problems before they became acute—and that foresight is now paying dividends.

## New Synthetic for Auto Tires

Casings made of ultipara are superior "in all major respects" to those of natural rubber, says Copolymer Corp., the developer. Commercial production is beginning to get under way.

Auto tires made from a new synthetic rubber called ultipara are better than those made from natural rubber.

That bald statement was made last week by Copolymer Corp. of Baton Rouge, La.

• **Tests**—Reason for the confidence: the "astonishing results" of tire tests the company has made in Texas. Copolymer says the tests showed that ultipara (which means "the ultimate in rubber") is as much as 20% better than natural rubber.

This week the Baton Rouge plant put ultipara into commercial production. Behind it are eight of the smaller rubber companies: Dayton Rubber Co. and Mansfield Tire & Rubber Co., both of Ohio; Armstrong Rubber Co., West Haven, Conn.; Gates Rubber Co., Denver; Lake Shore Tire & Rubber Co., Des Moines; Lee Tire & Rubber Co., Conshohocken, Pa.; Inland Rubber Co.,

Chicago; and Armstrong Tire & Rubber Co., Natchez, Miss.

• **5-Million Tires**—These companies formed Copolymer early in the war. Purpose then was to operate a government synthetic plant in Baton Rouge and conduct research and development. With a rated capacity of 30,000 tons a year, the factory's peacetime goal is to turn out rubber for 5-million passenger and truck tires annually.

• **Low Temperature**—Ultipara is made on a principle on which researchers generally are agreed. That is: If butadiene and styrene are mixed at low temperatures, the result is a synthetic that is superior to any other for tires. Following this principle, Copolymer does most of its work at a temperature of about 40 F. This "cooking" temperature contrasts sharply with the 122 F to 125 F used in making the well-known GR-S.

Ultipara contains the same basic ingredients as GR-S—but in different proportions. It also has new reaction agents to modify the mix. These factors, plus the low temperature, result in different chemical reactions, and thus in a new chemical product. For example, unlike GR-S, ultipara both feels and stretches like natural rubber.

• **German Technique**—Research on ultipara started in 1945, after a team of U. S. chemists came home from a study of German factories and laboratories. Their trip uncovered nothing as good as U. S. synthetics. But German techniques, using new reaction agents and low temperatures, impressed them enough to do further research.

The government helped this project by giving big grants to the Universities of Minnesota and Illinois. Phillips Petroleum Co. combined the research it had been doing for some time with the results found at the universities. It carried the project to the pilot-plant stage.

Early in 1947, Copolymer entered the picture. It carried the project into bigger pilot-plant operations, and finally to commercial production.

• **Long-Drawn-Out**—But there's still one big problem facing researchers: how to cut down the reaction time. It takes 12 hours to "cook" a batch of GR-S latex which can be coagulated into dry rubber. Since the temperature is much lower for making ultipara, the cooking time is proportionately longer.

Slow production tends to make a more expensive product. But Copolymer officials claim they have overcome the time loss enough so that their rubber



### JAPANESE HONOR SYSTEM

Inflation posed a tough problem for the Japanese phone company. It got so bad that a pocketful of coins was needed to make a local call from a phone booth. So the company decided to try an honor system. In the Tokyo area it installed boxes under phones to collect folding money instead of coins. So far Japanese callers have turned out to be scrupulously honest. Collectors are finding that the callers overpay by an average of 5%.

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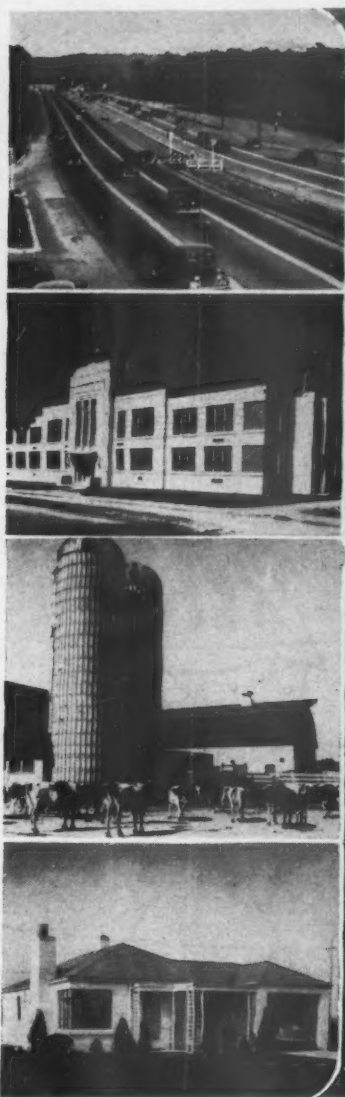
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can be made virtually as cheaply as ordinary synthetic. The latter is sold by the government for 18¢ per lb., against about 20¢ for natural (page 13).

• **For Treads**—Copolymer says that its tires are superior to those of natural rubber "in all major respects"—particularly ruggedness. The company also says that—since ultipara is superior in both cracking and abrasion resistance—it is especially good for treads.

Researchers feel that ultipara is not really the ultimate. They point out that, by lowering temperatures even further, they should find another material that would prove even better for the tire carcass. Thus they see the day when special rubbers are made for each major segment of a tire.

• **Over-All Program**—Meanwhile, the whole synthetic rubber program is being blueprinted in Washington. Recently it became clear that the U.S. government intends to stay in the synthetic rubber industry (BW—Feb. 7'48, p15). Basis for that was Rep. Paul Shafer's bill outlining a long-term rubber policy.

Last week a new version of the bill put even more muscles in the government's attitude toward synthetics. It sets up stronger barriers against quick or easy disposal of the government rubber plants. As such, it is a hint to private industry from the House subcommittee that framed it: "The government isn't going to let go of the synthetic rubber plants. Go out and build your own; compete against the government and win."

## "SWISS" LOOM—U.S.A. STYLE

The first of Warner & Swasey Co.'s adaptations of the Sulzer weaving machine is getting a test workout at the company's Cleveland plant. It is one of five pilot models developed under agreement with Sulzer Bros., Ltd., of Winterthur, Switzerland (BW—Jun. 21'47, p50). After runs on the manufacturer's floor, the pilot machines will go to mills on regular production for further tests.

Essentially, the device is Sulzer's broad, high-speed loom, modified for mass output. It uses a small steel grip instead of the usual shuttle to carry the thread across, does away with bobbin winding. Warner & Swasey is so sure that the loom will win favor with the textile industry that it has begun to tool up for full-line production. The company hopes that the assembly lines will be rolling late this year.

Use of the new machine will call for a new sales and service force. Warner & Swasey has forehandedly started a training program for a picked group of its personnel to supply these needs. John Haefliger, who came to Warner & Swasey with the original models from Sulzer, is teaching the first class of 10.

# What are your competitors doing about shortages?

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## 1. STOVE MANUFACTURERS SAID:

"When we converted to sheet aluminum for our gas range griddles, we were afraid consumers would object to its lightness. Turned out they preferred it because it's a better heat conductor and has a fine appearance. That's why we're sticking with Kaiser Aluminum."



## 3. MANUFACTURERS OF HEATING AND VENTILATING EQUIPMENT SAID:

"When we switched to Kaiser Aluminum, our workers were enthusiastic. They liked its lightness, its cleanness, and above all, its workability. What's more, our customers found aluminum duct work far more efficient. We wouldn't think of changing back."

## What about you?

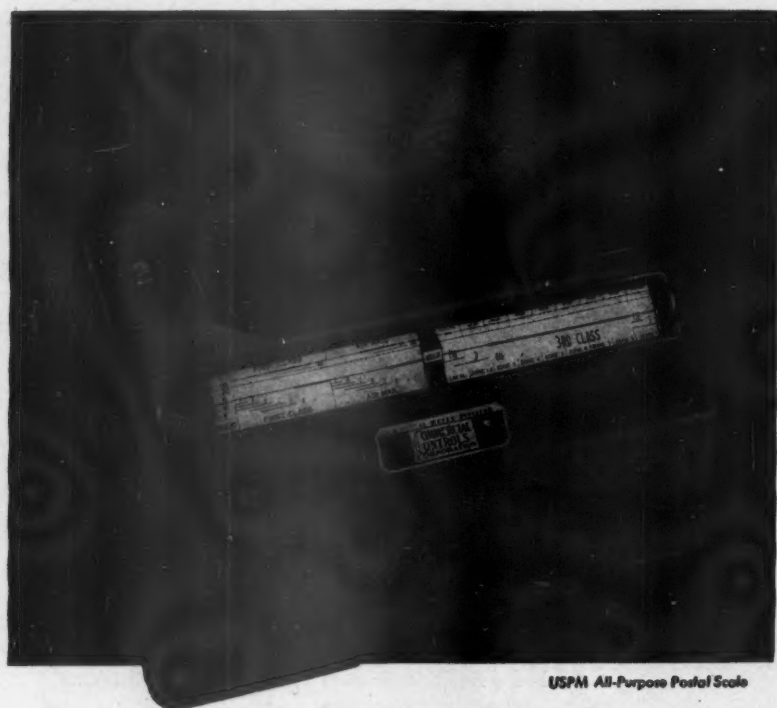
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## Alaska 5-Yr. Plan

U. S. government agency aims to develop resources, transportation. Alaskans make good progress on latter.

At long last, some real economic help may be just around the corner for transport-strangled Alaska.

• **A Program**—Congress will soon get a five-year plan for the territory. Backed by a nine-figure budget, it is to be proposed by an interagency committee made up of all the standard government bureaus. The plan will advance development of natural resources, health-welfare-education, and transportation.

The committee studied the territory last summer and made a report on what is needed in the way of help and development. The plan covering these needs has not yet been revealed. What will happen to it in Congress is even more uncertain.

• **Alaskans Act**—Meanwhile the territory's residents haven't been sitting idle waiting for the government to act.

The Alaskans were nearly starved out by a wave of shipping strikes during the fall and winter of 1946 (BW—Nov. 2 '46, p88). Then they smarted over what they considered gouging by Seattle jobbers. So for the past year they have been working on ways to relieve their dependence on water-borne commerce—and Seattle.

• **Customs Port**—First, with diplomatic help, they had Dawson Creek, B. C., opened as a customs port of entry. Thus U. S. shippers could send food, necessities, and luxuries, in bond, over the Canadian National Ry. to Dawson Creek, southern terminus of the Alaska Highway.

What the Alaskans liked best about this was that it eased their dependence on ocean shipping—and unions. But it also meant improved delivery. While the costs stayed the same, the delivery time over the rail-highway haul was cut to about one-fourth that needed for the water haul.

• **Barge Line**—The Sourdoughs didn't stop there. They went to work on the water-route problem, too. A barge company hauling supplies for the Alaska R.R., on contract, started a new service—Alaska Freight Express. The new line operates from Seattle and Tacoma. It goes up the inside passage and over to Seward, terminus of the Alaska R.R. According to reports, the barge rates are 35% lower than the steamship rates from Seattle. More than that, the barges will carry any package acceptable for rail freight; steamers have been repacking almost everything going across Seattle docks—and charging extra for it.



**SMALL**

*or*

**LARGE**

**THE**

**Westinghouse**  
***Life-Line***  
**Compressor-Motor Unit**

THE WORLD'S FINEST  
AIR CONDITIONING COMPRESSOR  
—SEALED IN STEEL  
FOR A LIFETIME OF SERVICE

**MAKES  
AIR CONDITIONING  
THE MOST DEPENDABLE  
UNITS EVER MADE**

There are two big reasons why Westinghouse "packaged" air conditioners work so well, so economically, so satisfactorily. One: every Westinghouse Unitaire has the hermetically-sealed Life-Line Compressor-Motor unit—the most dependable air conditioning compressor ever built. Two: *only Westinghouse* builds all of the important components that make up an air conditioning unit. This undivided responsibility means that every part of a Westinghouse air conditioner is designed and

built to work in perfect coordination with every other part. The result is economical, trouble-free service—so, to get the most out of your air conditioning investment, whether for restaurant, store, hotel, bank, theatre, hospital or office, specify Westinghouse. Call your nearest Westinghouse air conditioning distributor, or write to Westinghouse Electric Corporation, Sturtevant Division, 37 Readville Avenue, Hyde Park, Boston 36, Massachusetts.

J-80053

**Westinghouse Air Conditioning**

## GRACIOUS LIVING IN PHILADELPHIA MANNER



Wynnewood Plaza Apartments, Wynnewood, Pa. Completed early in 1947. Equipped with Webster Moderator System of Steam Heating. E. J. Frankel, Owner. J. E. Fieldstein, Architect. William T. Fowden, Chester, Pa., Heating Contractor.

Built during 1945-46, when prices and shortages kept most builders out of the market, Wynnewood Plaza is now bringing a substantial return on the investment of more than one million dollars.

E. J. Frankel, enterprising Philadelphian and owner, apparently knows the kind of deluxe living accommodations that Philadelphians require. Take heating. A Webster Moderator System of Steam Heating gives Wynnewood Plaza "controlled-by-the-weather" comfort. Comfortable temperatures are maintained automatically by a control which varies steam supply with changes in outdoor weather conditions.

While comfort is the prime objective, economy results from the reduction in overheating. Fuel oil consumption for heat and hot water for the first year was 75,000 gallons in an installation of approximately 14,000 sq. ft. of radiation. Mr. Frankel expects to better this with more experience in operation.

Mr. Frankel is now building two new apartment houses, Pelham Park, a 9-story building in Germantown, and Latches Lane, a 6-story building in Merion. He has selected Webster Moderator Systems for these buildings.

Let us tell you what Webster has to offer for your projected new apartment developments.

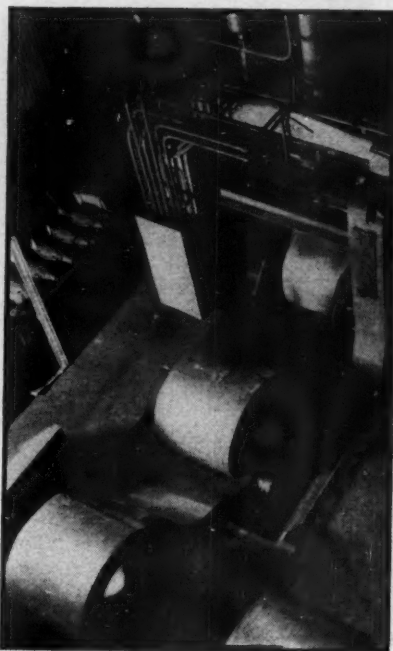
WARREN WEBSTER & CO., Camden, N. J.  
Representatives in principal U. S. Cities : : Est. 1888  
In Canada: Darling Brothers, Limited, Montreal

**WEBSTER  
MODERATOR**  
SYSTEM  
OF STEAM HEATING

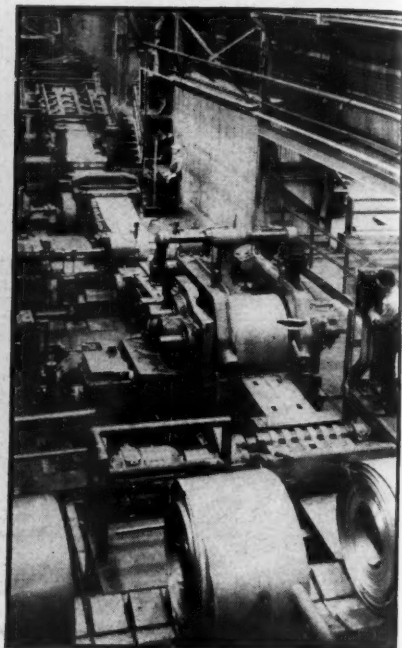
"Controlled by the weather"  
For Multi-Story Apartments

**GARDEN APARTMENT PROJECTS**  
For one- and two-story garden apartment projects use Webster Baseboard Heating.

## CAMERA VISITS INDUSTRY



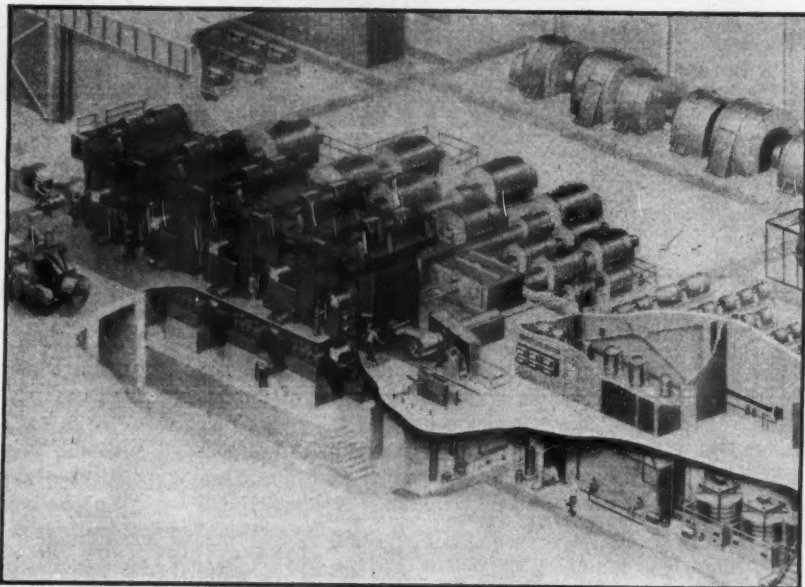
**1** Coils of hot-rolled steel strip are readied for cold-rolling. This machine cleans scale from surface of the strip



**2** The steel then runs through a long cleansing (pickling) bath. Recoiled, it is ready to go through rolling mill

## 70-Mph. Rolling Mill

New Jones & Laughlin cold strip mill flattens out a coil of steel 1/11 in. thick to a paper-thin band nearly six miles long in five minutes. End product is used for tinplate.



**3** Drawing shows massive size of rolling mill, driving motors, and controls. Machinery weighs 4,000 tons, is anchored in reinforced concrete base that goes down to bedrock 50 ft. below. Steel strip is fed in at left, comes out right (TURN TO PAGE 34)



491 units of *Thermopane*, installed in 1938 in the Marathon Corporation's office building, Menasha, Wis., have given uninterrupted, trouble-free service. Architect: Eschweiler & Eschweiler, Milwaukee.

## *Thermopane* . . . preferred by performance

REG. U. S. PAT OFF



To exclude annoying machinery noise and assure maximum employee comfort and efficiency, the Belden Manufacturing Company, Chicago, glazed its office partitions with *Thermopane* insulating units.

Maybe you never thought about it, but the average office building or factory has as much . . . sometimes more . . . glass as structural material in its walls. Alert management of companies, erecting new structures or renovating existing ones, is choosing *Thermopane* because it is the most modern windowpane available.

*Thermopane* is a complete insulating unit composed of two or more panes of glass separated by dehydrated air and sealed around the edges with a metal-to-glass bond. In addition to providing year-round insulation, *Thermopane* assures more accurate and economic control of air-conditioning equipment, reduces sound transmission, minimizes roomside condensation on glass, and eliminates down drafts at windows. Its sound insulation makes *Thermopane* a preferred product for inside glass partitions.

*Thermopane* is readily available from L·O·F Glass Distributors located in principal cities. Over 60 standard sizes facilitate its use in all types of construction.

Complete information about *Thermopane* is available upon request. Libbey-Owens-Ford Glass Company, 1128A Nicholas Building, Toledo 3, Ohio.

ONLY LIBBEY-OWENS-FORD MAKES *Thermopane*

PLASTICS—Molding Materials, Glues and Industrial Resins, Coating Compounds  
PLASKON DIVISION, Toledo, Ohio

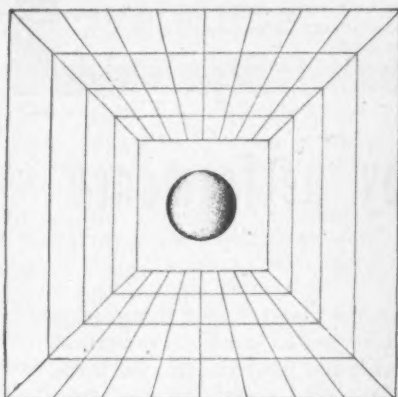


**LIBBEY-OWENS-FORD**  
*a Great Name in* **GLASS**





Jewelry store—architect: serge chermayeff, chicago

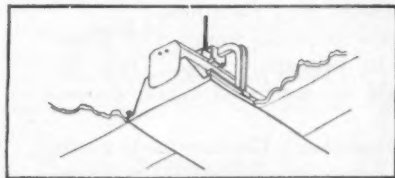


Miller Fluorescent Troffer Lighting Systems can be arranged to form any ceiling pattern desired—Ceilings Unlimited. Stores, offices, schools, factories and public buildings thus not only get good-seeing light, but architectural harmony.

Miller Lighting Service is all-inclusive, covering the needs of planned lighting.

Miller 50 and 100 Foot Candles (Continuous Wireway Fluorescent Lighting Systems) have been established as standard for general factory lighting. And Miller incandescent and mercury vapor reflector equipment has broad factory and commercial application.

Miller field engineers and distributors, conveniently located, are at your call.



The Miller Ceiling Furring Hanger (patented) simplifies installation. Miller continuous wireway cuts wiring and fitting costs. All units are Bond-erized for corrosion resistance.

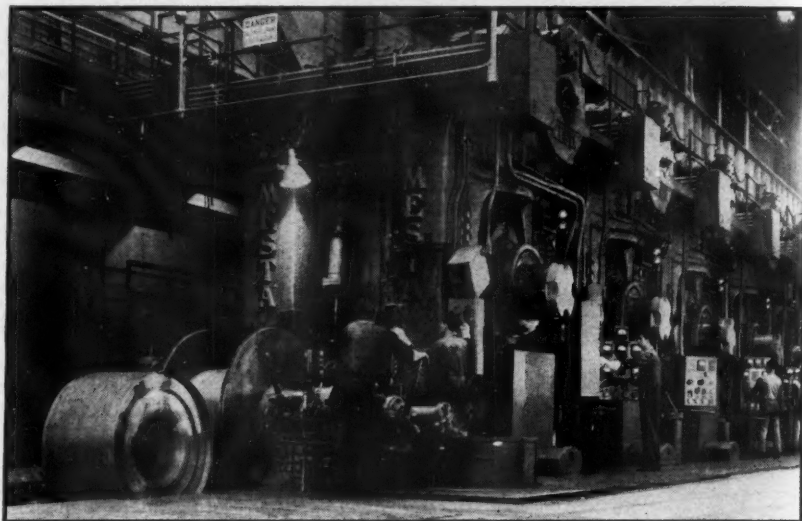


ILLUMINATING DIVISION  
Fluorescent, Incandescent,  
Mercury Lighting Equipment  
HEATING PRODUCTS DIVISION  
Domestic Oil Burners and  
Liquid Fuel Burners, ROLLING  
MILL DIVISION, Phosphor  
Bronze and Brass in Sheets,  
Strips and Rolls

THE MILLER ELECTRIC COMPANY  
MERIDEN, CONNECTICUT



**4** Powerful General Electric generators and motors furnish the tremendous energy needed to run the mill. Generators turn out 14,200 kw. Motors, designed for quick acceleration, can give 20,100 hp. continuously without overheating.



**5** Giant Mesta rolling machine puts the squeeze on the steel. It gulps in strip 1/11 in. thick, presses it between five sets of rolls, and whips it out in a thin band of 1/100 in. thickness at the rate of 70 mph.

## Speed Helps Control Quality

In its new cold-strip mill at Aliquippa, Pa., Jones & Laughlin Steel Corp. has what it believes is the most modern equipment of its kind.

• **Speed's Advantage**—Despite the mill's speed, the output is topnotch. In fact, J. & L. engineers think there is a correlation between high speed and uniformity of product. Says J. & L.: "Short runs, low speed, stopping and starting cause uneven thickness, hence rejects and scrap."

Banks of up-to-the-minute gages and gadgets regulate the rolling process. A tensiometer at the end of the reduction mill's fifth stand shows how much strain is on the strip as it comes out. An X-ray gage keeps constant tab on the thickness of the strip. A complicated control system keeps the various motors




running at proper speeds. And to allow the electric motors a wide range of flexibility, each stand is powered by a separate generator.


• **Heat Problem**—The tremendous energy that is used in pressing steel creates a great amount of heat. In any rolling mill, a big problem is getting rid of this heat. Water is normally used to cool the rollers. But this turns to steam. To keep its plant clear of fog, J. & L. worked up a system that sucks the steam-laden air the length of the mill, then discharges it into the outside air.


Jones & Laughlin quietly started work on its new mill in 1945. It went into production late last year. Just last week J. & L. took off the wraps, told the public about what it got for its \$13-million investment.

# Your teeth look like this



When decay starts,  it eats through the hard enamel and spreads into the softer dentine.  Unless checked, this infection reaches the pulp chamber from which  it may enter the blood stream and cause damage or disease in other parts of the body.

Periodic examination, cleaning, and treatment of teeth by your  dentist can usually check decay before serious damage occurs.

Gums must also be guarded.  Bleeding gums, pyorrhea, and trench mouth can indicate infection. They may result in loss of teeth and affect general health. *See your dentist regularly to help safeguard your health!*

## Good teeth deserve good care

Dental authorities urge that you clean your teeth and gums carefully after meals and before going to bed.

You can help to maintain healthy gums, and to retard the rate of decay in teeth, by keeping your general level of health high. Eat enough of such foods as milk, milk products, eggs, fresh vegetables and fruits.

The right diet is especially important for very young children who need foods rich in minerals and vitamins to help build strong, sound teeth and healthy gums.

Vigorous chewing of tough, crisp foods aids in keeping teeth and gums healthy. Fruits, preferably at the end of the meal, help to clean the teeth and prevent decay. They are also helpful in preventing bleeding gums.

Don't wait for pain to drive you to the dentist. Visit him every six months, or at such intervals as he suggests. His examination, aided when necessary by the X-ray, usually can detect hidden trouble such as abscesses at the roots of apparently healthy teeth. Prompt treatment can generally correct the condition before it may impair your health. For further helpful information on teeth and

gums, send for Metropolitan's Free Booklet, 38-S, "Good Teeth."

## Metropolitan Life Insurance Company

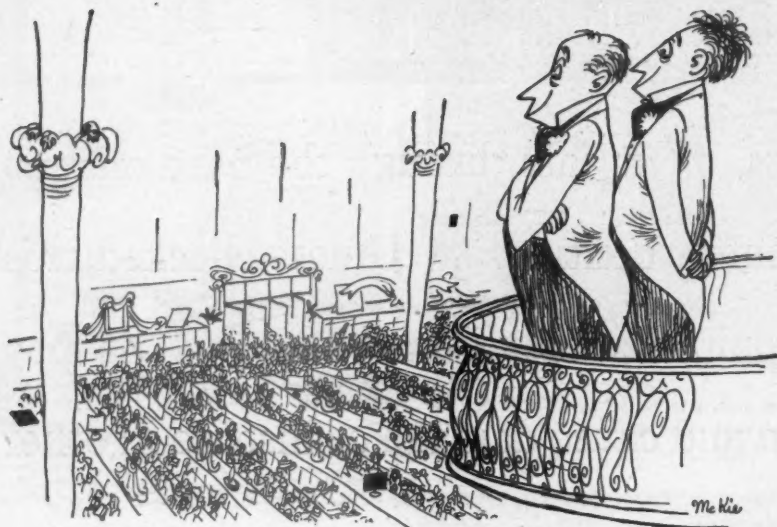
(A MUTUAL COMPANY)

Frederick H. Ecker,  
CHAIRMAN OF THE BOARD  
Leroy A. Lincoln, PRESIDENT  
1 MADISON AVE., NEW YORK 10, N. Y.



**TO EMPLOYERS:** Your employees will benefit from understanding these important facts about their teeth. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

**TO VETERANS—IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE—KEEP IT!**



## A SIGHT FOR STORE EYES!

And it's quite a common sight, these days, in Boston's Department Stores. One reason for it, we modestly admit, is that these Department Stores increased their advertising in *The Boston Globe* by 841,333 lines during 1947. This was the largest increase shown by any Boston newspaper. Percentage-wise, it looks this way: *The Boston Globe*, up 21%; Paper B, up 12%; Paper C, up 10.5%; Paper D, up 9.9%.

What's more, this increase is *not* selective. Whether you take the Morning, Evening or Sunday field, *The Boston Globe* has the greatest percentage gain in each.

But Department Store Advertising Managers are not the *only* smart people we know. For *The Globe's* gain of 16.7% in General Advertising during 1947 also topped the list of Boston papers.

These lineage increases prove that buyers of advertising space—local and national—who sell their goods or services in America's fifth largest market, know that Boston's Best-Read newspaper is their Best Buy!



# The Boston Globe

MORNING • EVENING • SUNDAY

National Representatives: J. B. Woodward, Inc., New York, San Francisco, Los Angeles  
Osborn, Scolaro, Meeker & Co., Chicago, Detroit

## UTILITIES

### Northwest Power

Bonneville Administration urges private utilities to expand their capacity quickly to handle expected increase in demand.

The need for more electric power in the Pacific Northwest has made bed-fellows of normally warring groups—the Bonneville Power Administration and the local power interests. Bonneville Power Administrator Paul Raver and private power men have joined in asking the economy-minded 80th Congress for more federal money for power dams. And now Raver—who has for years declared that the federal government could handle all future power needs in the Northwest—is asking the private companies and municipal systems to build everything they can.

• **No Incentive**—Back in the 1930's, when the federal government began pouring hundreds of millions into Northwest powerplant, private investment in generating capacity stopped.

Since then, another problem has developed to keep private utilities in the Columbia Basin from increasing investment. They face the possibility of being taken over by local government utility districts.

• **Change of Heart**—Now private utilities—along with the two big municipal systems of Seattle and Tacoma—are studying the possibility of investing in more generating plant. Reason: Even if Congress were to allot enough money for BPA to meet future power needs, BPA couldn't get the equipment in place before 1952; increased demand will appear earlier.

So private companies and municipals are looking for ways to get new capacity quickly. Already Pacific Power & Light, an Electric Bond & Share company, is installing a 45,000-kw generator at its Ariel Dam, near Portland.

• **Elsewhere?**—There are many possibilities for rapid expansion. About \$30-million could be spent on Washington's Lewis River to increase capacity quickly. As much as \$20-million could go into completing the generating plant at Puget Sound Power & Light's Rock Island dam. New generators could be put in at the Washington Water Power Co.'s Chelan Dam.

But how much the private utilities will do is anyone's guess. They still face the twin risks: (1) the possibility of vast federal power construction later on, and (2) condemnation by the local public utility districts.



# TRANSPORTATION



COMFORTABLE coaches, like this observation car on the New York Central's new, all-coach Pacemaker, are in the books; railroads are just waiting for them

## New Cars Coming—But Slowly

Railroads—and passengers—may wait three years before car builders catch up with the backlog of orders. Meanwhile, the roads are paying more for their new equipment

Rail travelers, weary of overcrowded and antiquated passenger cars, received some gloomy news last week: It will be three years before railroads receive all the new passenger cars they now have on order.

William T. Faricy, president of the Assn. of American Railroads, based this disconcerting prediction on the present rate of car production.

• **Rising Costs**—To make matters worse, said Faricy, these dammed up orders are boosting the prices the railroads have to pay for their new cars. Contracts for cars invariably have escalator clauses. Steel and material costs, wages, and other car building expenses have risen since the orders were placed. This means that the railroads will have to pay higher prices when the equipment is finally delivered.

American railroads today have some 38,000 passenger cars of all types in service. In the past three years they have received 1,404 new cars, according to the American Railway Car Institute.

Another 2,236 cars were on order Feb. 1.

• **Mostly Coaches**—Most of the cars delivered since the war have been coaches—because the railroads wanted them first. (The institute says 820 of the cars thus far delivered have been coaches, 144 have been baggage and express, 99 diners, 99 postal, and only 85 sleepers or combination cars with sleeping facilities.)

Now the car builders must turn to the 1,141 sleeping cars still on order. And that complicates building problems; for individual railroads have their own ideas on specifications. This slows down production, tends to drag out the shortage of sleeping cars (BW—Dec. 20 '47, p24).

Coaches now on order number 433, diners 295. Lesser numbers of other types of passenger cars also remain to be delivered.

• **The Leaders**—Only 12 railroads have 50 or more cars of all types on order. The New York Central has 323; Chesapeake & Ohio, 303; Pennsylvania, 271;

## Music and Sound in industry



### boosts productive efficiency

Through the plant-wide distribution of music an RCA Sound System pays for itself many times over by relieving monotony, fatigue and boredom among employees. It provides lifts in productive efficiency at fatigue periods when lifts are most needed. Working with music creates a relaxed, cheerful and pleasant atmosphere. Increased productive efficiency and improved morale result. Some plants have records of production gains as much as 6 to 14 per cent with RCA sound and music.

• **Plant Paging Pays Off In Increased Efficiency.** You can find the man you want instantly by calling him by name over an RCA Sound System. In one large plant RCA voice-paging saved thousands of man-hours in one month. You always get a big return on your investment in an RCA Sound System.

• **What kind of sound system is best for you?** There is no ready-made system that perfectly suits the needs of all plant layouts. RCA sound engineers will be glad to make a survey of your plant and map out a sound system program to fit the individual requirements of your business. No obligation of course.

For complete details contact your nearest RCA Sound System distributor or write: Sound Products Section, Dept. 16-B, RCA, Camden, New Jersey.



SOUND SYSTEMS  
**RADIO CORPORATION**  
of AMERICA  
CAMDEN, N. J.

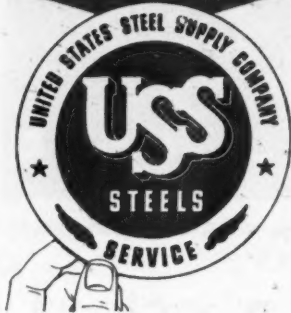
In Canada: RCA VICTOR Company, Limited, Montreal

# How to get Stainless Steel in a hurry!



**SYMBOL  
OF SERVICE**

*for Steel Users*



**ALL** you have to do is telephone, wire or write our warehouse nearest to you.

We have on hand to fill your requirements: No. 2B finish sheets of proven excellence; No. 4 finish sheets of uniform quality; bars meeting high standards of machinability; plates in sizes up to 120" wide and 360" long; tubing, welded and seamless; pipe, angles, channels and welding electrodes in all standard grades and specifications.

Moreover, you have the help of our engineers in selecting the grades of U·S·S Stainless best suited to various types of service or that will fabricate best on your equipment. Free technical bulletins and booklets, showing the many and varied uses of U·S·S Stainless, also are supplied on request. And

once a month we publish an up-to-date Inventory Bulletin which lists our stocks of Stainless.

So, whether you need advice and help from our engineers or have a definite order you want filled, you're sure of getting what you want *quickly* by contacting our warehouse nearest you.

*If you use Stainless and are not receiving our monthly Inventory Bulletin, write for it right away.*

## United States Steel Supply Company

CHICAGO (90)	1319 Wabansia Ave., P. O. Box MM	BRUnswick 2000
BALTIMORE (3)	Bush & Wicomico Sts., P. O. Box 2036	GIlmor 3100
BOSTON	176 Lincoln St., (Allston 34), P. O. Box 42	STadium 2-9400
CLEVELAND (14)	1394 East 39th St.	HEnderson 5750
LOS ANGELES (54)	2087 East Slauson Avenue P. O. Box 2826—Terminal Annex	LAfayette 0102
MILWAUKEE (1)	4027 West Scott St., P. O. Box 2045	MITchell 7500
NEWARK (1), N. J.	Foot of Bessemer St. P. O. Box 479	BIgelow 3-5920 REctor 2-6560 BERgen 3-1614
PITTSBURGH (12)	1281 Reedsdale St., N. S.	CEdar 7780
ST. LOUIS (3)	311 S. Sarah St., P. O. Box 27	LUcas 0440
TWIN CITY	2545 University Ave., St. Paul (4), Minn.	NEstar 7311

**UNITED STATES STEEL**

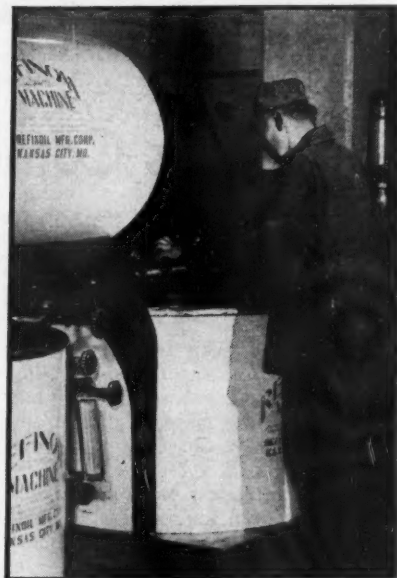
none of the rest of the 12 roads has an order in for more than 150.

The New York Central also leads in the number of cars delivered—398. Others which have received 100 or more: Santa Fe, 173; Milwaukee Road, 133; Pennsylvania, 125.

• **New Streamliners**—A number of railroads are only awaiting the arrival of necessary equipment to place new streamliners in operation or refurbish existing crack trains. The New York Central, for instance, is completely re-equipping 28 of its trains; it put the first of these—the all-coach, Chicago-New York Pacemaker—into service last week.

Western lines alone have enough equipment on order to outfit 60 streamliners. Most of these will replace existing trains; some will be used to expand present schedules. On Feb. 29, the Santa Fe will put the Super Chief and El Capitan (two of its crack, extra-fare, Chicago-Los Angeles trains) on a daily schedule. Both now operate every other day.

• **Extra Fares Out**—Few of these new streamliners, however, will be extra fare trains such as the Santa Fe's. General feeling among railroad executives is that

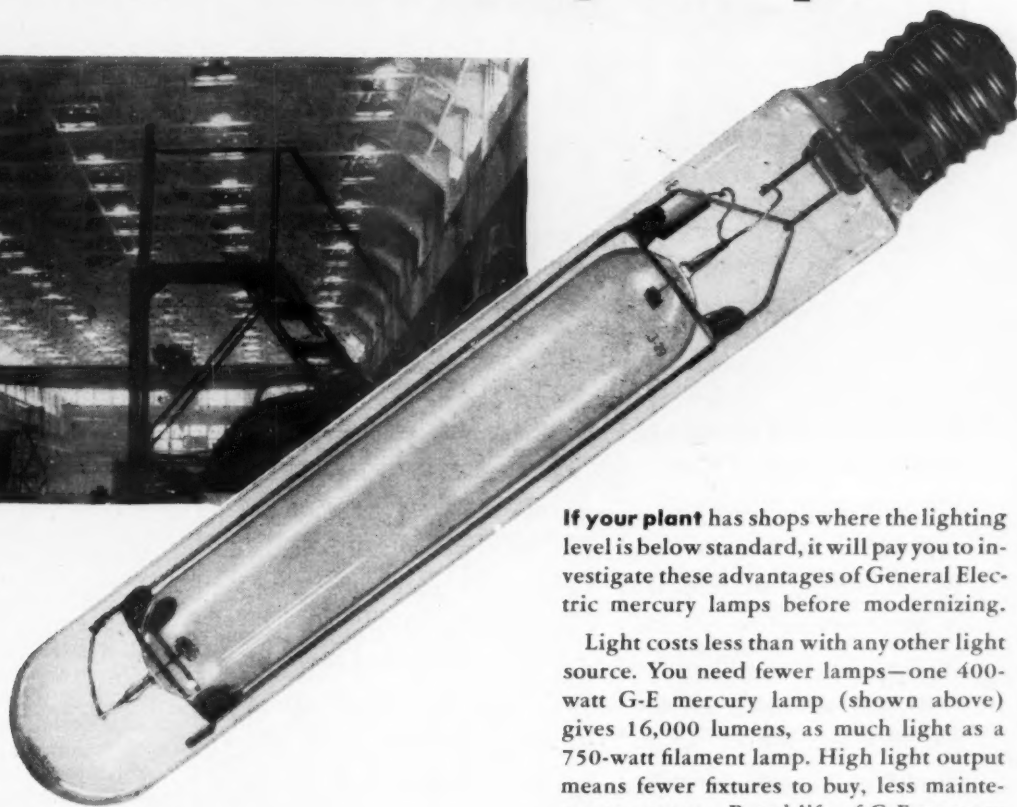
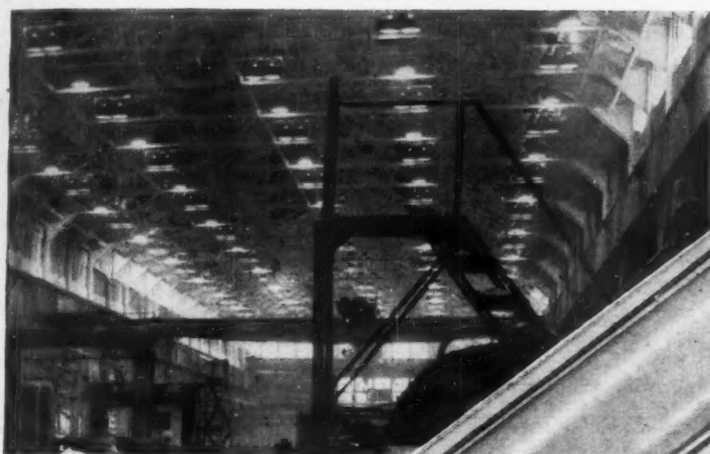


## OIL SAVER

In an oil pinch every drop counts. So reasons the Chicago & North Western Ry., which has some thrifty ideas on the subject. In its Chicago shops the railway reclaims some 4,500 gal. of diesel crankcase oil every month. This machine, made by RefinOil Mfg. Corp., Kansas City, does the job.

The railway also has a contract with a Chicago refiner who salvages 40,000 gal. a month of car journal oil. Sludge from this oil is pressed into cakes which are used in some types of grease jobs.

# Why Planned Lighting costs less with G-E Mercury Lamps



If your plant has shops where the lighting level is below standard, it will pay you to investigate these advantages of General Electric mercury lamps before modernizing.

Light costs less than with any other light source. You need fewer lamps—one 400-watt G-E mercury lamp (shown above) gives 16,000 lumens, as much light as a 750-watt filament lamp. High light output means fewer fixtures to buy, less maintenance expense. Rated life of G-E mercury lamps is extra long—up to 6000 hours, depending upon wattage and number of starts.

## IMPORTANT REASONS why it pays to insist on G-E when you buy lamps

1. Complete line to choose from—over 10,000 types and sizes.
2. Quality assured by 480 tests and inspections.
3. G-E makes all lamp parts.
4. Most improvements in lamps and lighting have come from General Electric.
5. Services of G-E lighting engineers conveniently available.
6. General Electric research works constantly to make G-E lamps Stay Brighter Longer.

*Whatever Lamps you need*



**INCANDESCENT**  
For drying, baking, curing and other heat processes.



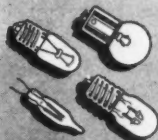
**FLUORESCENT**  
Soft, cool light makes work safer, easier.



**FILAMENT**  
All types and wattages for every lighting need.



**ROUGH-SERVICE**  
Rugged lamps that withstand shocks and bumps.



**INDICATOR**  
Glow and filament types, for instrument panels, etc.



**SILVERED BOWL**  
Indirect lighting at low cost. 60 to 1000 watts.

*-G-E makes 'em all*

**GENERAL  ELECTRIC**

**LAMPS *Stay Brighter Longer!***





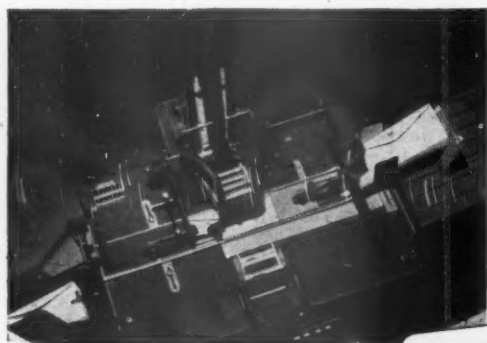
All work built at this establishment is subjected to the most severe tests, and any part found defective is promptly thrown out.

*This cartoon is reproduced from the humorous Elliott Bicycle Catalog of 1888.*

**ELLIOTT ADDRESS CARDS ARE 100% clean, flexible fiber...** they contain no metal.

Each Elliott Address Card is absolutely guaranteed for 10,000 perfect impressions — and because, unlike metal plates, these cards are made of flexible fiber, they cannot jam in the tracks of your addressing machines.

Remember, you can stencil addresses on Elliott Address Cards with your own office typewriters as shown on card below! Two interesting and informative booklets will be sent upon request. Simply write, on your business letterhead, to The Elliott Addressing Machine Company, 151 Albany Street, Cambridge 39, Mass.



Elliott's most versatile automatic envelope feed addresser is entirely controlled by holes punched in the Elliott Address Cards. It automatically feeds all kinds of forms, addressing only those desired, and automatically skipping all unwanted addresses. It automatically fails to feed a blank envelope when an address is skipped.



travelers should receive all possible services at established fare levels. Consequently, there are today fewer than a dozen extra-fare trains operated by U. S. railroads.

## MORE CARS THAN EVER

More cars and trucks are on the roads today than ever before.

R. L. Polk & Co.'s latest figures show that there are now more than 33.4-million licensed passenger cars and trucks in the United States. And unlicensed vehicles, mainly owned by government units, boost this figure by several hundred thousand.

In a year's time—from mid-1946 to mid-1947—an additional 2-million-odd passenger cars and 900,000 trucks went on the roads. Passenger car registration was 27.5-million last year, an increase of 9.46% over 1946. Commercial truck registrations reached 5.9-million, up 17.08%.

All states showed substantial gains in passenger-car totals. Biggest proportional increases were chalked up by Arizona, New Mexico, Virginia, Wyoming, and the District of Columbia. The poorest showing came from Connecticut, Delaware, and Maryland.

Meanwhile, the registration of trucks climbed in every state except Delaware. South Carolina took top spot with an increase of 32%, while 18 states showed gains of more than 20%.

New-car registrations last year totaled 3,167,231, Polk reported. This was 74% more than the 1,815,196 new cars registered in 1946. December, 1947, brought a rush; the 312,263 new cars licensed was the largest monthly total since 1941.



## WARNING STICKER

It's skull and bones for shipments of radioactive materials under new Interstate Commerce Commission regulation. This grim label is now required decoration for freight shipments of any material that "spontaneously emits ionizing radiation." The label warns: "No person shall stand within three feet of this container unnecessarily."



## Push-Button Dispatcher's Board . . .

This massive panel is the heart of 243 miles of Seaboard Air Line R.R. track. The signal system makes the railroad's single track between Hamlet, N. C., and Savannah, Ga., do the work of two. One dispatcher runs

the whole show. Lights on a diagram of the track system give him the location of all trains, and he guides them accordingly. A turn of a lever can throw a switch 200 miles away, put a train on the nearest siding.



## . . . Controls Seaboard Air Line Trains

Should any piece of equipment along the way go out, all train signals are thrown into a stop position. At the same time, a warning light on the control board flashes on. Controls are rigged so that no conflicting signals can be shown. Seaboard expects the control board to speed up schedules, make

its routes more flexible. It plans to install a similar panel in Jacksonville, Fla., this year. Eventually the road hopes to have its entire system under automatic dispatcher-controlled signals. Union Switch & Signal Co., Swissdale, Pa., made the panel and wayside equipment.

## TRAIN AIR-CONDITIONING

Made-to-order weather is the feature of a new railroad passenger car from Westinghouse Electric Corp. The rolling "weather factory" will soon get its first test on a major railroad.

The car has its own a.c. power plant—completely independent of the locomotive. Inside, air conditioning and heating equipment cool the air in summer, warm it in winter. Dust and smoke are cleaned out electrostatically.

Passengers on the car will drink elec-

# ELWELL-PARKER


*PIONEER*  
AND LEADER IN  
INDUSTRIAL TRUCKS



Car loading with an E-P Crane Truck

ELWELL-PARKER put the *first* power industrial truck on the market. Likewise the *first* low lift truck, fork truck, revolving crane and scores of special attachments. So Elwell-Parker offers unequalled experience gained by 42 years' service to over 300 industries.

90% of all Elwell-Parker Trucks made in the last 42 years are still on the job—handling materials in volume, with safety, often at tremendous savings. 47 models "tailored" to individual load and production needs. Operated by the world's cheapest power—electricity.

Let us send your near-by  man.



Scientific Materials Handling fully explained in 44-page free booklet. Ask for "Industrial Logistics". The Elwell-Parker Electric Co., 4535 St. Clair Ave., Cleveland 14, Ohio

# ELWELL-PARKER

Power Industrial Trucks  
Since 1906

# KROPP

**now number ONE\* forge shop  
in America**

\* as established by a recent survey made  
by a leading metal working publication.

## WHY?

**age** . . . over 100 years of forging experience.

**progress** . . . whenever forgings can be made better, faster, or for less cost, Kropp installs the equipment or service to do it. Kropp Forge today is America's most modern complete job forge shop.

**service** . . . Kropp engineering service available in all large industrial centers. Location in Mid-West brings Kropp Forge close to all areas. Large inventories of steel permit service of any type or quantity.

**dependability** . . . excellent labor relations, the result of a liberal profit sharing plan, assures employee good will . . . and quality production available as scheduled and promised. Throughout Kropp history there has never been a strike or shut-down.

**approved** . . . among Kropp customers is the "blue chip" list of America's industries . . . the leaders in their respective fields . . . a recommendation in itself of the standing of Kropp service in forgings.

★ ★ ★

**Production Executives.** You are invited to be our guest . . . to inspect Kropp facilities. As our guest we will fly you to and from Chicago, and provide all transportation while here for your convenience.



## KROPP FORGE COMPANY

**World's Largest Job Forging Shop**

5301 W. Roosevelt Road • Chicago 50, Illinois



trically cooled water, read by flicker-free fluorescent lights.

Big point in the use of a separate power system is that it keeps the locomotive's power at its main job of supplying traction. The a.c. installation also reduces car weight, Westinghouse says; a small standby battery takes the place of the larger storage batteries needed for d.c. electro-mechanical systems.

## Gloomy Forecast

**Air Coordinating Committee says sick plane manufacturing industry will get sicker; wants military aviation buying tripled.**

"You think the aircraft manufacturing industry is in bad shape today? Man, you ain't seen nothin' yet."

That, in essence, was what the Air Coordinating Committee said last week in its annual report to President Truman.

• **Recommendations**—The committee is a permanent aviation-policy group made up of representatives of the State, Commerce, Air Force, Navy, and Post Office departments, the Civil Aeronautics Board, and the Budget Bureau. Its report made these major points:

**Military aircraft procurement** must be tripled to meet minimum national security needs. Current rate is 1,800 planes a year. The committee says the present international situation requires at least 5,789 planes a year.

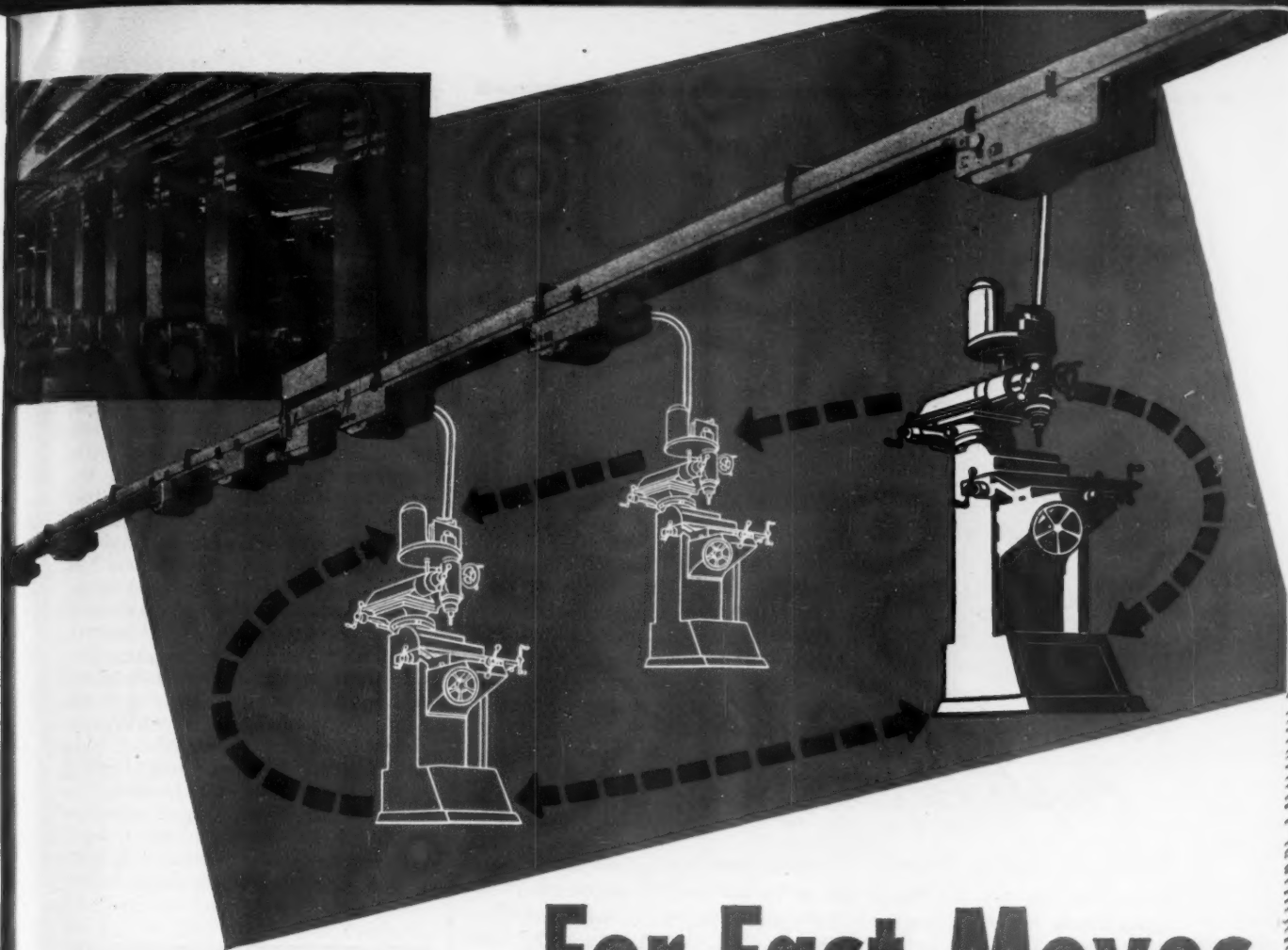
**Airline transport buying**—the backbone of nonmilitary business for the plane makers—will dry up by the end of this year. Although 868 transports are now on order, ACC believes many will be canceled. Its reasoning: If all transports now ordered by domestic airlines were delivered, the lines would have a 1949 seating capacity 450% greater than they need. (The demand figure was taken from an admittedly optimistic Civil Aeronautics Administration forecast.)

• **Unready**—As a result of the decline in both military and commercial business, ACC says, the aircraft manufacturing industry has dropped to only 50% of the size necessary for a peacetime nucleus capable of the necessary emergency expansion in case of war.

Because of the bleak outlook, further cuts in manpower and in engineering and management personnel are pending. These, says ACC, will further reduce the industry's capacity (1) to carry on necessary research and development, and (2) to expand with sufficient rapidity to meet war mobilization needs.

• **Needs**—ACC puts much of the blame for the low state of military procurement on President Truman. It reports





# For Fast Moves

## Relocate machines with no delays for rewiring

Power can be taken off wherever needed with this convenient, flexible and economical distribution system.

*Power where you want it* — with Trumbull FLEX-A-POWER Plug-In Busways—gives you maximum flexibility in machine arrangement without the cost and nuisance of rewiring each time you change the layout.

With FLEX-A-POWER Plug-In Busways covering your whole plant, you can

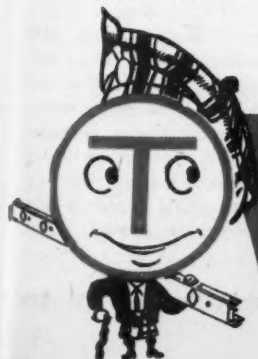
move a machine or a whole line of machines with no interruption of power. Convenient outlets every 12 inches permit plug-ins *right at the load*.

Even when major changeovers require moving an entire department, the FLEX-A-POWER system can be moved along, too — dismantled, removed and reinstalled quickly, with practically 100% use of all materials.

That's because every part of a Trumbull Busway System is prefabricated,

which of course reduces original installation and construction costs. FLEX-A-POWER is stocked in standard 10 foot lengths and is available in capacities from 250 to 1000 amp. with all necessary fittings and accessories.

*Send for Bulletin.* THE TRUMBULL ELECTRIC MANUFACTURING CO., Plainville, Conn. Other factories at Norwood, Ohio • San Francisco • Seattle • N. Hollywood. Sales offices and representatives in all important cities.



*The OVERHEAD  
That pays for itself  
in Cost Reduction*

TRUMBULL  ELECTRIC

***Flex-a-Power***

CROTTY-OPERATED CAFETERIA SERVING 5,000 WORKERS OF  
ALDENS, CHICAGO . . . OF WHOM 4,300 ARE WOMEN.



## "Aldens' Cafeteria Makes People Happier on the Job..."

That's what Isabelle Monaco, one of Aldens' 5,000 employees, says. Miss Monaco is a Supervisor at this bustling Chicago mail-order house . . . and she echoes the approval of her co-workers, who find a physical and moral lift in the appetizing, nutritious and economical hot food served on the job in Aldens' restaurant.

The cafeteria has been thoughtfully appointed to provide an attractive and restful meeting place for the Aldens workers. And besides serving a daily luncheon, Crotty Brothers Feeding Service especially bakes rest period pick-ups that Isabelle Monaco says "are wonderful!"

A city like Chicago does not present the employee eating problems of an out-of-town plant. However, the Aldens Management has found their cafeteria to be just as effective in attracting preferred help and building a good esprit de corps. Jack Staehle, Director of Industrial Relations, feels that their in-plant feeding operation has been an important factor in the success of Aldens' advanced labor program . . . that Crotty Brothers' know-how in running their cafeteria to everyone's satisfaction, has played no small part in this success.

★ From a series of case studies of in-plant feeding made by Richardson Wood, Industrial Analyst. A copy of his report on management's opinions about employee feeding will be gladly sent free on request.

**CROTTY**  
BROTHERS INC.

OPERATING IN 15 STATES AND 39 CITIES

137 NEWBURY STREET • BOSTON 16 • MASS.



INDUSTRIAL RESTAURANT OPERATORS EXCLUSIVELY SINCE 1930

that Navy and Air Force requests for fiscal 1948 totaled 3,140 planes with an airframe weight of 26.2-million lb. Before the President submitted his 1948 budget to Congress a little over a year ago, he slashed these figures to 1,511 planes with airframe weight of 16½ million lb.

ACC thinks the Air Force and Navy requests for fiscal 1948 were realistic in terms of the international situation at that time. But, it says, the international situation has deteriorated since. That's why it sets the present minimum need at 5,789 planes with airframe weight of 60-million lb. The President's 1949 budget asks for only 2,131 planes with airframe weight of only 15.2-million lb.

• **Similar**—ACC recommendations follow closely the recent report of the President's Air Policy Commission, headed by Thomas K. Finletter (BW—Jan. 24 '48, p. 28)—both on the international situation and on the airpower needed to cope with it. (The Finletter commission was a group of men from outside the government who were asked to survey this country's air policy from a nongovernmental point of view; ACC, on the other hand, is an official, continuing agency of the government itself.)

ACC's report also recommends:

• Government financing of development of new types of transports. Reason: The airlines aren't financially able to do the job themselves. ACC is also



## PYGMY POWER PLANT

Dwarfed by a lady's diamond ring, this midget electric motor actually runs efficiently at 7,000 rpm. It weighs less than a gram, is  $\frac{1}{8}$  in. long, runs on  $1\frac{1}{2}$  volts. United States Instrument Corp., Summit, N. J., built it, using a new type of armature. The company doesn't expect the motor to be put to any practical use; it just wanted to demonstrate the possibilities of the new design.

studying plans for government financing of airline transport purchases (BW—Jan. 31'48, p28).

• Continued denial of civil aviation authority to Germany and Japan. International airlines in both countries, ACC says, should be provided either by occupation authorities or by nationals of countries that are friendly to the United States.

## WEST COAST SCARE

San Francisco's busy port has fallen behind the ports in Washington state and Oregon in foreign trade tonnage.

Preliminary 1947 figures of the Pacific American Steamship Assn. show that San Francisco and Los Angeles customs districts are comfortably ahead in foreign dry cargo's dollar value. But heavy foreign demand for lumber, wheat, and coal lifted tonnages of the Washington and Oregon districts into first and second places, respectively.

Tonnage figures are projections based on records for the first nine months. These give Washington Customs District ports 2,424,000 short tons; Oregon, 2,420,000; San Francisco, 2,324,000; and Los Angeles, 1,920,684. Some of the Washington tonnage involves little more than a barge haul between Puget Sound and British Columbia ports. But it's still foreign trade.

Dollarwise, San Francisco averaged \$49.8-million a month through September last year, Los Angeles \$35.7-million, Washington \$17-million, and Oregon \$14.2-million.

The Pacific Coast as a whole, sharing little in European relief shipments, accounted for 8.3% of the dollar value, 6.24% of the tonnage of United States exports during last year. Its share of imports was 9.4% in dollar value, 6.8% in tonnage.

## BUSINESS AIR TOUR OFF

The second businessman's air tour of Latin America planned by the Indianapolis Chamber of Commerce has been postponed indefinitely. Reason: Too many of the products made by the prospective tripmakers have been put on "nonessential" import lists of several Latin American countries.

The tour was originally set for September, 1947, but was postponed until this January in hopes that conditions might improve (BW—Oct. 11'47, p41). Instead, they got worse.

The Indianapolis C. of C. sponsored a trip in January, 1946, when 16 persons made a 41-day junket to look over business possibilities. The second tour would have taken 56 days (at a cost of \$2,500 a person)—with the travelers on commercial visas, permitting them to take samples, catalogs, and to take orders.

*"What's your attitude?"*

## TOWARDS SOMETHING THAT'S REALLY NEW IN ADHESIVES?

The reason we ask is this: Many amazing product improvements have resulted from applying new "RESYN" adhesives to packaging, converting and assembling operations previously thought to be at their highest level of efficiency.

"RESYN" adhesives provide higher resistance against all forms of moisture and temperature variations... adhere a wider variety of surfaces... offer a greater protection against vermin, mould, age... and add definite sales advantages to the finished product.

Successful "RESYN" adhesives are now used for: *Carton making* — with foil and varnished stocks in folding box machines. *Coffee bag making* — with special glassine, novelty bag and coated stocks. *Casket making* — for adhering cloth to metal, cloth to wood and cloth tufting. *Labeling* — on difficult varnished stocks. *Tube winding* — on ordinary and powder tubes. *Permanent identification of outdoor packages* — for all-purpose, all-weather labeling and over-coating on wood, fiber, painted steel, tin and glass. *Wood working* — to permit joint assembling operations to be handled and machined after 30 minutes clamping time. *Book making* — for high speed gluing-off lining-up, case making, casing-in, tipping-in, padding, case sealing and labeling. *Paper drape making* — for seaming.

If you're open minded about these really new "RESYN" adhesives, address 270 Madison Avenue, New York 16, N. Y.

\*Reg. Trade Mark

**National**  
ADHESIVES

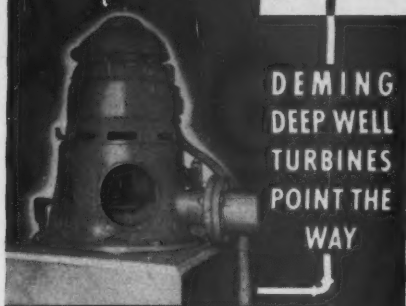
EVERY TYPE OF ADHESIVE FOR EVERY INDUSTRIAL USE

OFFICES: 270 Madison Ave., New York 16; Boston, Philadelphia, Atlanta, New Orleans, Indianapolis, Chicago, San Francisco, and other principal cities. In Canada: Meredith, Simmons & Co., Ltd., Toronto, Vancouver and Montreal. And in Holland: Nationale Zetmeelindustrie, Veendam.

UNIVERSITY OF MICHIGAN LIBRARIES



YOUR TAXES ARE FIXED BY OTHERS  
 BUT YOU CAN  
*Control Water Costs!*



DEMING  
 DEEP WELL  
 TURBINES  
 POINT THE  
 WAY

DEMING TURBINE PUMP  
 SAVES MORE THAN  
**'\$3500.00 PER YEAR**  
 FOR OHIO MANUFACTURER

High tax rates and high water rates were two of various thorns in the side of an Ohio manufacturer whose net profits were a mockery of his good gross sales. Knowing he could do little about taxes he concentrated on avoidable high costs of water.

### "Liquid Gold"

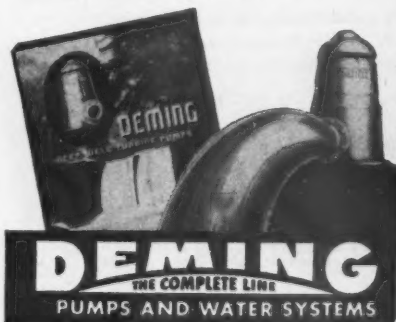
His first step was to call in a Deming Distributor for advice. A well driller was engaged to make tests for water underground. About 150 feet under the plant an ample source of good water was found. A Deming Deep Well Turbine Pump was installed. In less than a year the company's cost of water was approximately \$3500.00 less than it would have been if the company had used city water at the high rates prevailing.

As that \$3500.00 saving was *net*, it more than paid for the cost of the Deming Turbine Pump which will continue to accumulate savings for years to come.

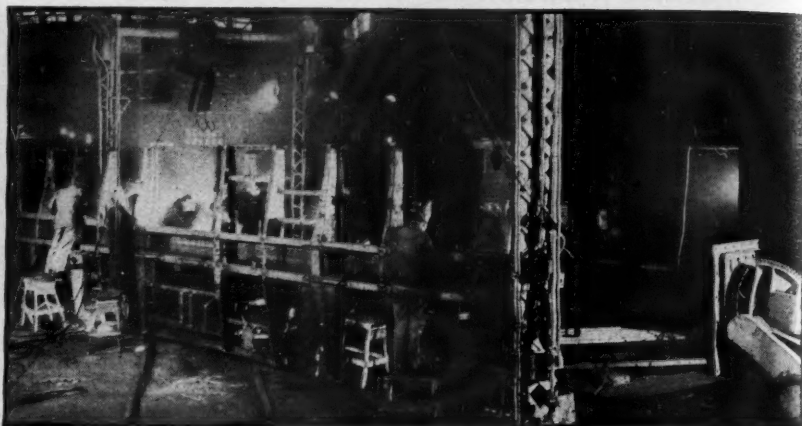
Maybe YOU have a source of "liquid gold" under YOUR plant. It costs nothing to ask how to go about it. Why not start the ball rolling NOW? Write—

**THE DEMING COMPANY**  
 530 BROADWAY • SALEM, OHIO

Write for FREE Bulletin 4700-8



## PRODUCTION



**1** CENTER-SILL AND UNDERFRAME support brackets for refrigerator car are welded in a rotating jig at American Car & Foundry Co.'s Chicago plant

## To Speed Freight-Car Output

American Car & Foundry streamlines Chicago plant by improving work-handling methods, using automatic machines.

Streamlined production methods, in which improved work-handling devices are combined with automatic machines, are helping lift freight-car output. An example is American Car & Foundry Co.'s Chicago plant. This week it turned out its 500th refrigerator car for Railway Express Agency. Recent factory improvements, including installation of automatic welding machinery, have stepped up output to 12 cars a day.

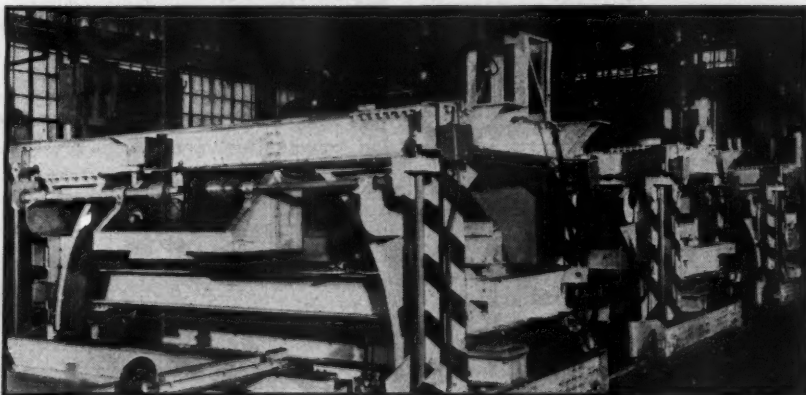
Refrigerator cars—the "convertible coupes" of freight car manufacture—are fussy jobs, but the new plant handles them with ease. A.C.F.'s plant setup is versatile, however; it can easily be adapted to manufacture of other types of freight cars.

• **Four Subassembly Lines**—In the Chicago plant, car manufacture is broken

down into four main subassemblies: bottom, two sides, and top. Each subassembly moves along its own line, then feeds into the final assembly line. Pneumatic clamps and adjustable frames hold steel sheets and reinforcing strips in positive alignment for welding. And where hand-welding is necessary, as in the bottom frame, the entire assembly can be rotated so that welders always weld down.

Long seams are handled through automatic welding machines.

• **Other Benefits**—A.C.F. has modernization programs under way at its other plants. In addition to lifting production rates, these streamlined methods, A.C.F. finds, improve working conditions, reduce manpower requirements, insure greater employee safety.



**2** SIDE SHEETS of alloy steel are welded to side frame of car automatically. Three machines do a car side in about 15 minutes. (TURN TO PAGE 52)

VESSEL DIVISION

# NEWS



**A. O. SMITH**  
Corporation

New York 17 • Philadelphia 5 • Pittsburgh 19 • Atlanta 3 • Chicago 4  
Tulsa 3 • Houston 2 • Seattle 1 • Los Angeles 14  
International Division: Milwaukee 1



**SLICED IN HALF.** Remember the man who built a boat in his basement and then had to tear down a wall to get it out? Well, in this case

A. O. Smith fabricated a 43 ft. long lined digester in halves and saved tearing down a wall to install it in an existing paper mill building.

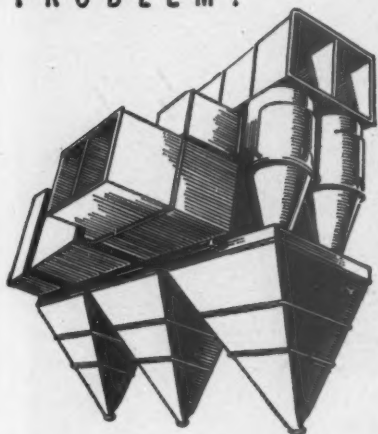


**TURN-ABOUT STRESS-ANNEALING.** Even the longest of A. O. Smith's huge furnaces could not stress anneal all of this oil industry vessel at the same time; so one half was heated and cooled then the vessel was turned around and the other half stress annealed.



**RECORDING 200,000 PSI TENSILE TEST.** Through constant research in the field of high strength alloy steel weld metal, A. O. Smith is producing an alloy steel electrode whose weld metal strength is over 200,000 psi when heat treated.

PRECISELY  
WHAT IS YOUR  
**dust  
recovery**  
PROBLEM?



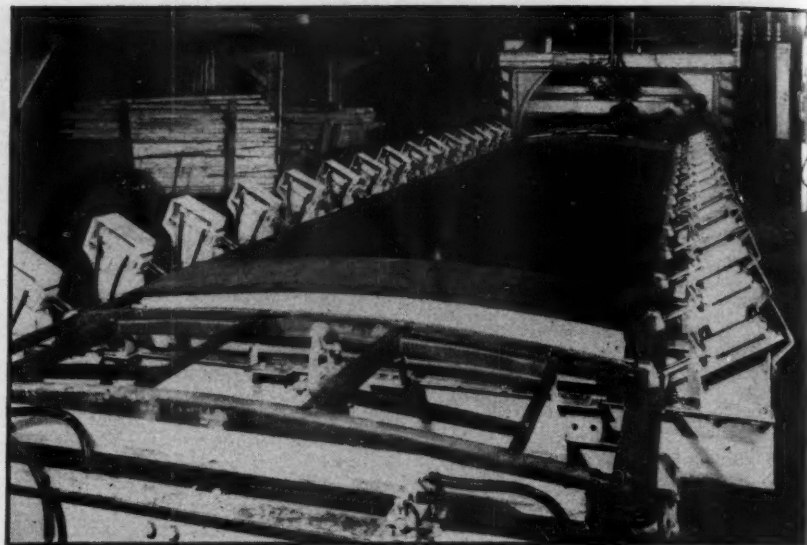
### You call a doctor

when you're sick—why not call upon engineering specialists to determine—and solve—your dust-collection problem? In the past 10 years, the Buell Engineering Company has designed and installed thousands of dust-collection systems, each planned to solve an individual problem. Each situation was different, because a broad range of industrial uses was covered. The engineering know-how behind Buell design successfully meets difficult conditions imposed by size and shape of available space, unusual dust compositions, and widely varied gas volumes. Furthermore, the Buell van Tongeren design eliminates plugging. Like more details? They're all in the new 32-page catalog—write: Buell Engineering Company, 60 Wall Tower, New York 5, N. Y.

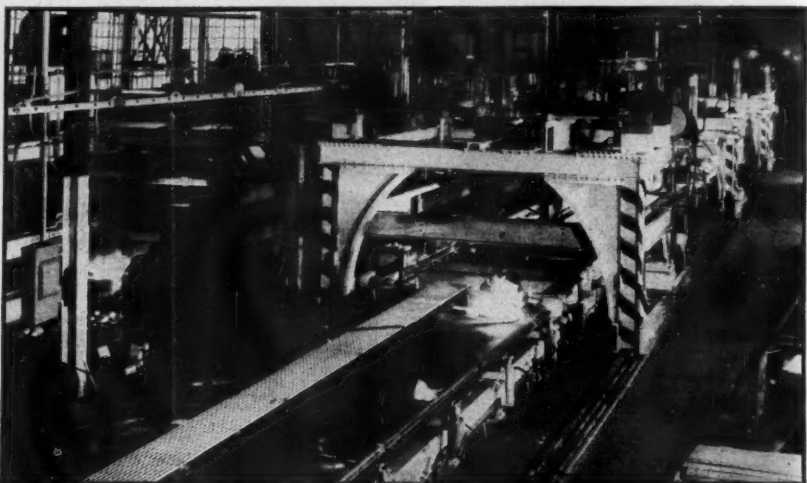
**buell**

Engineered Efficiency in

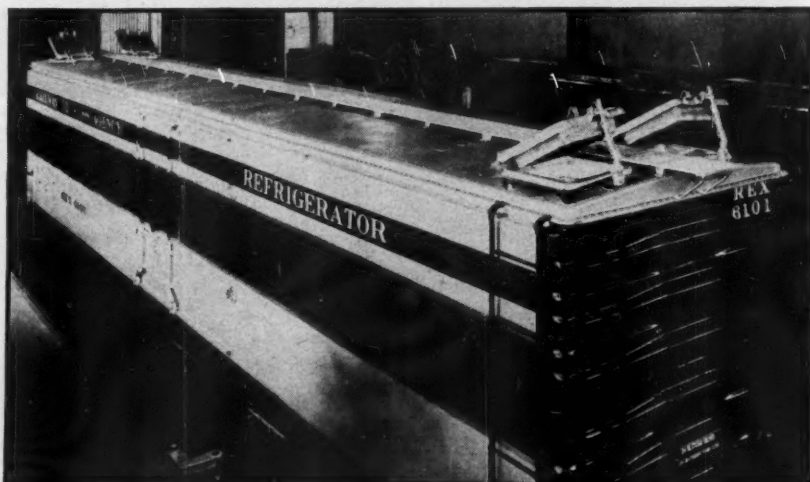
**DUST RECOVERY**



**3** ROOF SHEETS are applied to the curved roof frame. Roof frame is held pneumatically while sheets are tack-welded. Welding is done by . . .

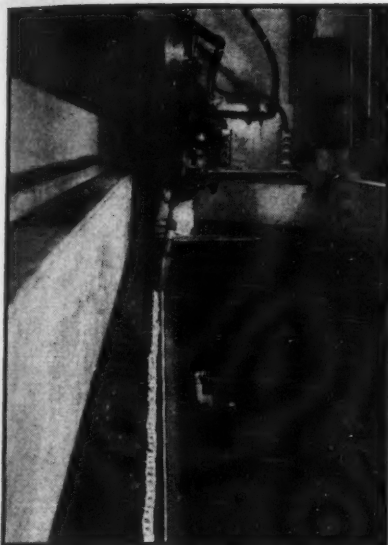


**5** RUNNING BOARD is hand-welded to car roof. Hatch frames are dropped into position, and welded in place. Sides, bottom, and top of welded car move to . . .

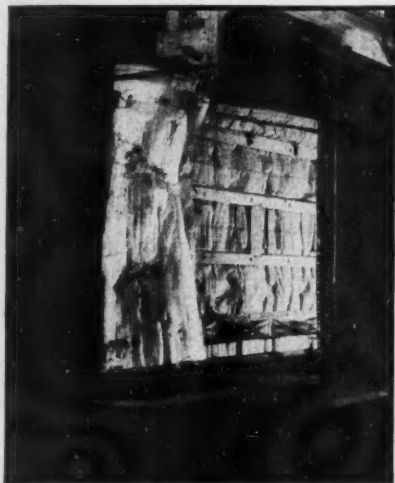


**7** PAINTING AND FINISHING after doors, mechanical equipment, and accessories are put on. De luxe car has 2,286 cu. ft. of loading space. Wood-lined interior has . . .

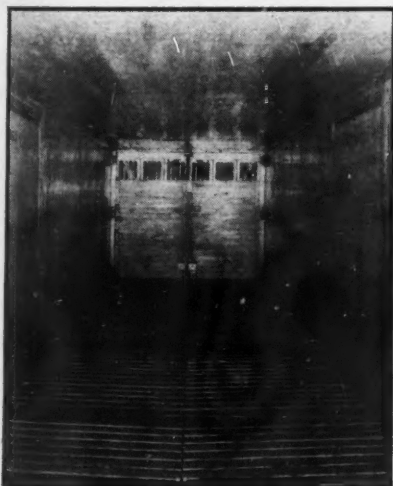




**4** SPOOL-FED WELDING UNIT, that travels automatically. After this...



**6** FINAL ASSEMBLY LINE to apply fibrous-glass insulation. Next step is...

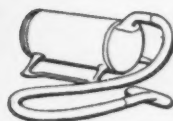


**8** FLOOR RACKS which lift up for cleaning, and hinged bulkheads

# FOLLANSBEE

## *Specialty steels*

COLD ROLLED STRIP



POLISHED BLUE SHEETS



ELECTRICAL SHEETS



SEAMLESS TERNE ROLL ROOFING



The uniform mechanical and physical specifications of Follansbee Specialty Steels are the result of rigid production control. For machining quality, superior finish, and accurate gauge, you can depend on FOLLANSBEE SPECIALTY STEELS.

### FOLLANSBEE STEEL CORPORATION

GENERAL OFFICES



PITTSBURGH 30, PA.

*Sales Offices*—New York, Philadelphia, Rochester, Cleveland, Detroit, Milwaukee. *Sales Agents*—Chicago, Indianapolis, St. Louis, Kansas City, Nashville, Houston, Los Angeles, San Francisco, Seattle; Toronto and Montreal, Canada. *Plants*—Follansbee, W. Va., and Toronto, O. ☆ *Follansbee Metal Warehouses*—Pittsburgh, Pa., Rochester, N. Y., and Fairfield, Conn. ☆

# 7

## Ways To Judge A Good Sound Slidefilm Projector



**Y**OUR projector can "make or break" the best sound slidefilm. It must be, as Illustravox is, easy to handle; its pictures must be sharp and bright and its sound reproduction, clear and true. Otherwise your audience becomes restless and your story is lost.

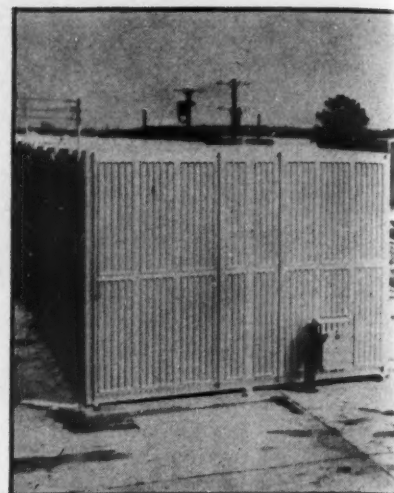
Sound slidefilm users know the value of good projection and good sound reproduction. That is why they insist on Illustravox. It's built to stand the hardships of travel and constant use, and many still are giving good service after ten years on the job. Over 80% of all sound slidefilm projectors now in use are Illustravox! Ask your commercial film producer for a demonstration today, or write The Magnavox Company, Illustravox Division, Dept. DW-2, Fort Wayne 4, Indiana.

### ILLUSTRAVOX

DIVISION OF THE **Magnavox** COMPANY  
MAKERS OF FINE RADIO-PHONOGRAPHS

- **Better Sound**—only unit with famous Magnavox speaker.
- **Better Pictures**—sharp, clear projection of all films.
- **Easy Operation**—takes only 3 minutes to set up Illustravox.
- **Sturdy Construction**—built to withstand hard use by salesmen in traveling.
- **Better Portability**—easy to carry, weighs only 20 lbs.!
- **Leadership**—Illustravox is pioneer sound slidefilm builder.
- **Reputation**—80% of all sound slidefilm equipment now in use is Illustravox.

**Where To Buy Illustravox.** You can obtain Illustravox equipment through leading commercial film studios and at better camera stores and photographic supply houses in all major cities.



### PLANE CANNERY

To keep its aircraft in fighting trim, the Navy is canning planes in corrugated steel structures. Plastic cocoons were used for this purpose, but preparation for flight took too long; with the new steel cans, planes are ready to hit the runways immediately.

The huge cans—now on their way to six Navy bases—are made in two sizes: 10x140 ft. and 24x130 ft. Two or more planes can be stored in each. A dehumidifying agent sealed in with the planes absorbs moisture and prevents corrosion. More than \$150-million worth of surplus aircraft are to be stored under the program. Perfect protection will last, it is said, for at least five years.

### SELLING QUALITY

For the manufacturer, quality control means savings in production—and a better product. Hunter Pressed Steel Co., Lansdale, Pa., wants its customers to recognize the benefits. To pass along its knowledge, the company will offer a series of free two-day courses for customers' inspectors, purchasing agents,



*"And when they fly North again  
that's our Spring campaign, eh, Judson?"*

**Judson:** "Oh, no sir, we also have a two-page schedule in one of the big weeklies. But the ducks alone will cover quite a lot of territory, don't you think? After all, I have a budget to think of!"

**Chairman:** "Well, budget or no budget, we have to build a steady flow of business for our dealers. It isn't as though we only had to trick dealers into stocking up. The goods can't jump off the shelves into the arms of a dealer's customers. Our product has to be moved, and the only thing I've ever seen move it is advertising that appears continuously. What is it our agency calls it—

"cumulative effect"—that's what makes it pay!

"If we can't afford to buy 4 or 5 million circulation regularly, why don't we tell our story to 1,800,000 families in REDBOOK. Most of them are under 35—still forming buying habits.

And their income, after taxes, amounts to six billion dollars—so they've got money. Why, they spend a billion dollars for food alone!

"And we could be in every other issue of REDBOOK in full pages for \$22,050. That's a lot better than some trick merchandising gag. Let's buy REDBOOK!"



# REDBOOK

444 Madison Avenue, New York 22, N. Y.



## What have WE got here?



### *Connecticut's Road Map to Industrial Success!*

Pick up any map of Connecticut. Follow any of the highways or rail lines within the state and you'll be on the Road to Industrial Success.

In out-of-the-way villages, at busy crossroads and rail sidings

and in the great industrial centers as well, you'll come across names

of Connecticut manufacturers that are famous throughout the world.

Here are other Connecticut advantages: A long record of management-labor

harmony; the nation's greatest concentration of highly skilled workmen;

modern transportation network; huge nearby markets; close to important sources

of semi-finished materials; no point in Connecticut is further than 170 road miles

from New York City. In compact, versatile Connecticut is to be found 75%

of all the types of American industry. Connecticut has a proud record

of highway safety and public health

Our Industrial Research Division can

show you all the *special advantages*

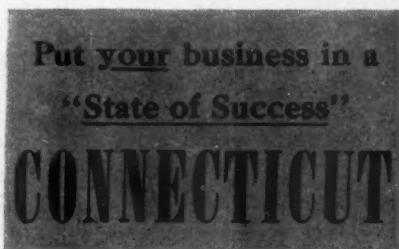
Connecticut offers *your type*

of industry. This service is *free!*

Write to Connecticut Development

Commission, Dept. WB-3, State Office

Building, Hartford 15, Connecticut.



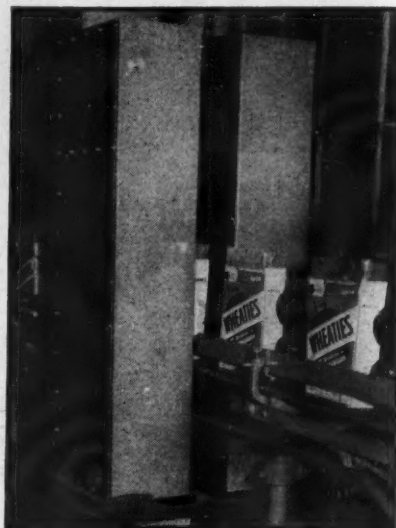
and designers. The first session gets under way Apr. 6.

On the school agenda are seven lectures, a forum, a plant tour, and an afternoon of actual testing and calculating. Among the topics tossed at the trainees will be the use of frequency-distribution charts, quality reports, sampling techniques, and causes and detection of defects.

### NAVAL TURBINE TEST

LONDON—The British Navy's experiments with gas-turbine propulsion are going ahead at full throttle. Last summer the Admiralty installed a screw-propelling gas turbine in a light gunboat. Now, after taking a look at test results, the Fleet has announced plans to set up bigger engines in a 1,400-ton frigate and a larger gunboat.

During the trials, the engine—a Metropolitan Vickers Gatric model—chalked up more than 55 hr. running

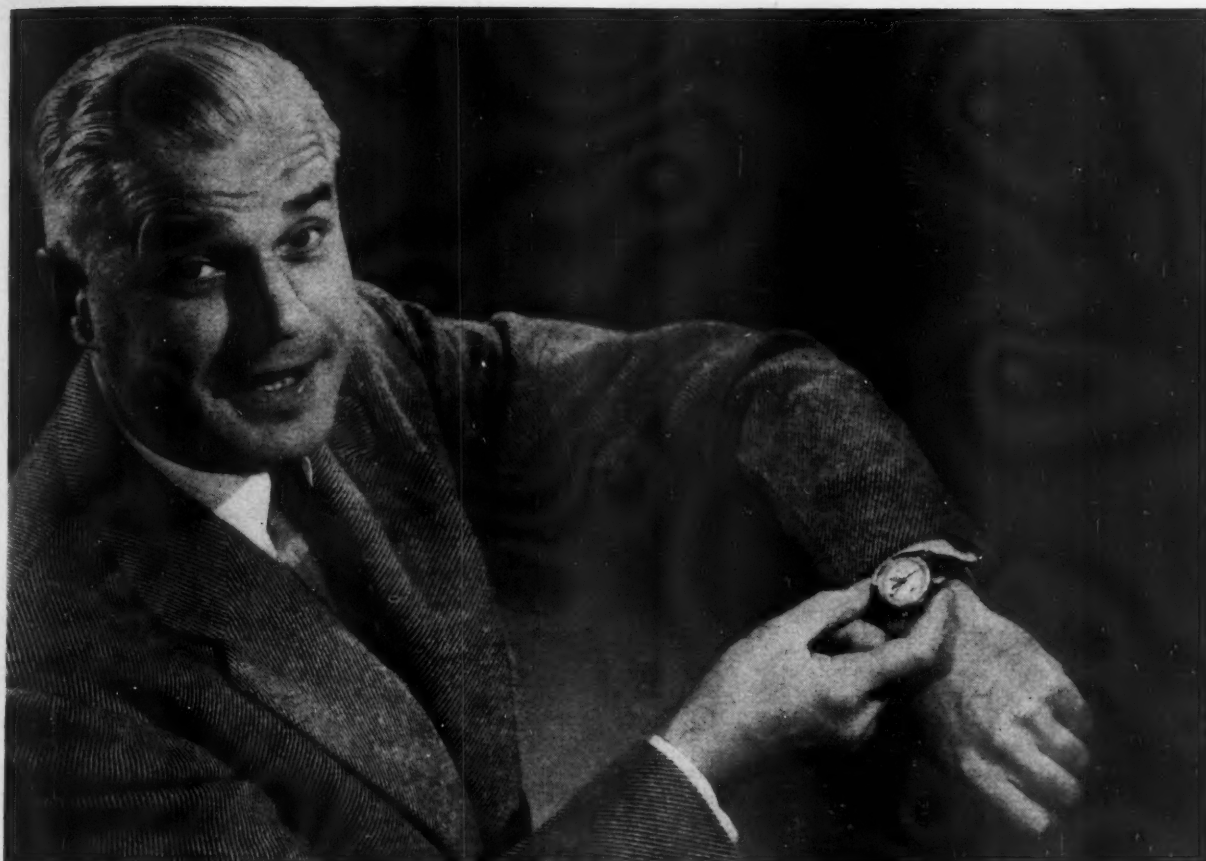


### UNDERCOVER JOB

Starting on their way to market, these cereal boxes are getting a last-minute check from an electronic detective—a metal locator. It is used to spot small metal particles that may have slipped into the foods during processing.

Sensitivity of the locator depends on the type of metal and the distance between the instrument's vertical heads. At a spacing of 12 in., it will spot iron and steel particles about 1/5 in. in diameter. By moving the heads closer together, specks as small as 7/100 in. show up. Boxes that fail to pass the frisking are automatically rejected.

Other uses for the locator: detecting metal inclusions in plastic sheeting before calendaring, and in plastic molding powder before molding; looking for broken needles in woven fabrics; even searching out baling wire in hay before it's fed to cattle.



## ***Has your packaging department discovered the*** **"65-SECOND" MINUTE?**

**S**UPPOSE your packaging department could get . . . in 60 seconds . . . the production they're now getting through filling machines in 63, 64 or 65 seconds. Would that be worthwhile? Figure out what it would mean per hour, per day, per week.

Making high speed filling machines do more work per minute—through Precision-Engineering—is something we've been specializing in for a long time, here at Gardner-Richardson.

Some of the largest users of folding cartons in the country are well aware of this. They've seen what happened when Gardner-Richardson teamed up with their operating men to step up filling machine production.

Sometimes, what looked like a *trivial* change has made a tremendous difference. In almost *every* case, Gardner-Richardson's Precision-Engineered *uniformity* has been an important factor in better performance.

We don't promise miracles. But give us an opportunity to study your specifications, your cartons and your operations. We believe we may be able to come up with recommendations that will have *your* filling machines "working *more* than the usual 60 seconds per minute." Ask your purchasing or operating department to have a Gardner-Richardson representative call. It places your firm under no obligation.



### ***How to make more eyes reach for your product!***

You can do it with cartons of **COATED LITHWITE!**\* It's the revolutionary clay-coated board made in one straight-through operation with an exactly level filmed-on coating. Whiter. Brighter. Holds up colors brilliantly. Rub and fade-resisting. Eye-catching on shelf or in display.

## **The GARDNER-RICHARDSON Co.**

Manufacturers of Folding Cartons and Boxboard

409 Charles Street, Middletown, Ohio

\*Reg. U.S. Pat. Off.

Sales Representatives in Boston, Chicago, Detroit, New York, Philadelphia, Pittsburgh, St. Louis

# **BOSTIK** *Customized* **Adhesives** have been *Completely Successful* in Solving Our Tough *Bonding Problems*

## **THE SPRINGFIELD COMPANY**

The Springfield Company, Springfield, Mass., manufacturer of quality athletic equipment, had two special adhesive problems:

1. An adhesive which would securely bond together the layers of the final winding of fine gauge cotton used in all top grade softballs and baseballs. *This same adhesive must also bond the outside leather cover to the ball's center.*
2. An adhesive which would firmly bond the cork-and-rubber composite grip foundation to steel golf club shafts. *This same adhesive must also bond the outer leather grip to the cork-and-rubber foundation.*



Photo illustrates unusual adhesive strength of BOSTIK

Says Mr. Roger Heroux, Purchasing Agent:

"In solving both of these very tough bonding problems, BOSTIK Customized Adhesives have been completely successful. They give a sure, lasting tack. As a matter of fact, BOSTIK tackiness is so permanent that we never have to use activating agents when completing work on jobs which have been given their BOSTIK coatings as much as six months previously. In considering that professional athletes give our products the toughest possible usage, it is obvious that the adhesives which go into our products have to be especially good. BOSTIK certainly is superior!"



There's a BOSTIK Customized Adhesive to bond any material to any material in any combination. Write for details today—ask for your copy of "Adhesive Facts."

**B B CHEMICAL COMPANY, CAMBRIDGE, MASS.**

**"Whatever It Is BOND IT WITH**  
**BOSTIK"**  
**Customized Adhesives**



## **FOR A LOOK AT LENGTH**

Taking the guesswork out of measuring cotton fibers, this electronic device sizes up thread lengths in a hurry. It's called the Fibrograph, is made by Fulton Sylphon Division of Robertshaw-Fulton Controls Co. The instrument uses light-sensitive photo tubes to scan the parallel fibers. At the same time it traces a length-frequency curve. Properties of the curve show average length intervals and uniformity of the fibers.

time at sea. After a checkup on the engine's condition, the Navy is guessing at a total life of 100,000 hr. for the powerplant.

## **MORE SOLVENT RESEARCH**

Commercial Solvents Corp. will soon break ground for a \$2-million expansion of its research and development department at Terre Haute, Ind.

The program will more than double the size of the company's present research building. Also planned: a new bacteriological pilot plant, a separate building for a high-pressure research pilot plant, an addition to the pharmacological laboratory.

## **P. S.**

Paint failures, and ways to avoid them, are the theme of a new report just put out by the National Paint, Varnish & Lacquer Assn., 1500 Rhode Island Ave. NW, Washington 5, D. C. Called Circular No. 723, the report covers chalking, checking, staining, spotting, flaking, and similar causes of paint failure.

General Electric Co.'s Chemical Dept. is the newest entry in the phenolic (thermosetting) plastic molding-powder field. Last week G.E. began to market general-purpose, high-heat-resistant, impact-resistant plastic materials.



# This

## IS WHAT YOU PAY YOUR SALESMEN FOR

When he takes the fifth and final step in manufacturing an order, your salesman is *earning* the money you pay him. But what about the preliminary steps, which represent time, energy and money invested in the prospect? Isn't there a short-cut in selling—a way to eliminate unnecessary chores, and allow your salesman to work more profitably, both for himself and for you?

The answer is MECHANIZED SELLING—a policy employed by progressive business management to (1) increase the productivity of salesmen, (2) lower the cost of distribution and (3) enlarge possibilities for profit.

MECHANIZED SELLING uses the high speed and low cost tools of advertising to make preliminary prospect contacts, arouse interest, and create preference for your product. This leaves your salesman the time and energy he needs for the final, critical steps of closing the sale.

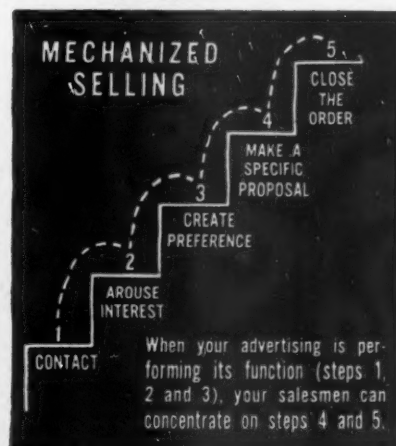
"Mechanized Selling at Work" is the title of a new booklet, published by McGraw-Hill, which discusses this subject. We believe you will find it rewarding reading. Ask your McGraw-Hill man for a copy or write for it today.



**McGRAW-HILL**  
**PUBLICATIONS**

**HEADQUARTERS FOR INDUSTRIAL INFORMATION**

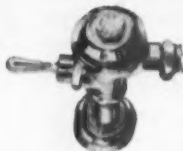
330 WEST 42ND STREET, NEW YORK 18, N. Y.



## HOW TO IMPROVE LABOR RELATIONS- -AT A PROFIT!



### Send for the Booklet That Tells the Story



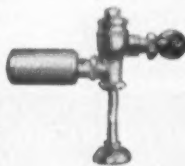
Improvements in labor relations invariably mean cash out of pocket. Sloan Flush Valves reverse this procedure.

For instance, one Sloan Electrically Operated Flush Valve used to replace one automatic flush tank on urinals will save

100,000 gallons of water per year. Multiply this by the number of flush tanks to be modernized and water saved becomes dollar profit.

For better working conditions — better labor relations Sloan Flush Valves provide cleaner, more sanitary washrooms. They are dependable, positive in action, kick-proof. They prevent back-siphonage; protect drinking water from contamination.

In addition further profit comes from reduced maintenance cost. Records show these to be as low as 1/4 of 1¢ per valve per year. Small wonder more Sloan Flush Valves are sold than all other makes combined.



Write today for your free copy of this brochure



**Sloan Valve Company**  
4300 West Lake Street  
Chicago 24, Illinois

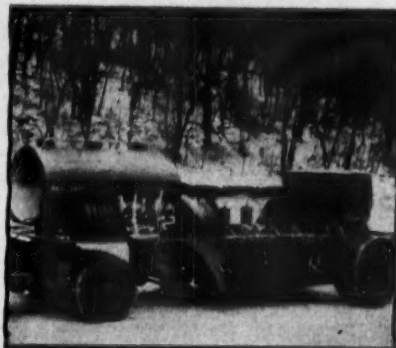
Send a copy of your brochure describing your new Electrically Operated U Flush Valve — the one that can save as much as 100,000 gallons of water per year per valve.

Name.....

Address.....

Town..... State.....

## NEW PRODUCTS



### Follow-up Filler-up

A mobile "service station," the Kilroy, is one way to service mechanized equipment on construction jobs. The unit is housed in a 21-ft., four-wheel trailer. It is 8 ft., 3 in. high, has a gross vehicle weight of 18,000 lb. More than 3 1/2 tons of the weight are fuel and lubricant payload.

The trailer carries 700 gal. of gasoline and diesel fuel, 200 gal. of oil and grease, 60 gal. of water or antifreeze. The tanks are in the center of the machine; they are built into channel members which are part of the trailer chassis. On each side of the tank assembly is a battery of nine hose reels for dispensing the gasoline, oil, and grease.

The unit can be towed behind any truck-type tractor. All operations—from fueling to filling radiators—work from a 60-cu.ft. gas-driven air compressor. Pressures up to 7,000 psi. are possible on any of the 18 service outlets. Credit for Kilroy's invention goes to John H. Adler; manufacturer is Jax, Inc., 4925 Friendship Ave., Pittsburgh. • Availability: indefinite.

### Mixer Faucet

Water volume and temperature are regulated with a single handle on the Moen valve faucet. Amount of flow is controlled by pushing the handle down. Temperature is adjusted by moving the handle from side to side; in the center for lukewarm, right and left for hot and cold. The fixture is brass, chrome plated. Inside parts are stainless steel. There is no screw action. The distributor: General Pacific Export Co., 5655 Wilshire Blvd., Los Angeles 36.

• Availability: Mar. 10.

### Circle Light

Circular fluorescent lamps are used in a line of Alumispun lighting fixtures made by McCulloch Mfg. Co., Marietta, Ga. Designed for ceiling in-

stallation, the fixtures come complete with Circline tubes, General Electric ballast and accessories, and adjustable hangar strap. They work on 110-v. a.c.

Two models are available; one has an 8-in. tube, the other a 12-in. tube. The fixtures are made of spun aluminum, with reflecting surfaces etched and lacquered for maximum light delivery.

• Availability: immediate.

### Pipe Protector

A pipe insulation for either hot or cold lines is manufactured by Pittsburgh-Corning Corp., Pittsburgh. Made from cellular glass, the protector, called Foamglas, is said to be ideal for processing industries that need exact temperature control. It reportedly retains its insulating efficiency permanently.

The insulation is described as unaffected by humidity and as highly resistant to fumes, vapors, and acid atmospheres. It is noncombustible and acts as a fire retardant. Made for all sizes of pipe, it comes in sections 18-in. long. It can be used through temperature ranges from -200 F to 800 F.

• Availability: immediate.

### Jet-Fed Burner

Cutting fuel-oil consumption for heating small homes by 50% is the aim of the Jetronic Oil Burner. Its developer: Consolidated Industries, Inc., Lafayette, Ind. Oil in the burner flows into a firing head where it is mixed with air. It then gets a heating over a baffle at 1,000 F to 1,600 F. Finally, converted into gas, it is forced through jets into the combustion chamber.

The burner works with all types of hot-air furnaces, steam and water boilers. A 1/20-hp. to 1/50-hp. motor supplies the power. Blower and controls operate on 110-v. a.c. or d.c. The company reports the burner runs at 90% efficiency.

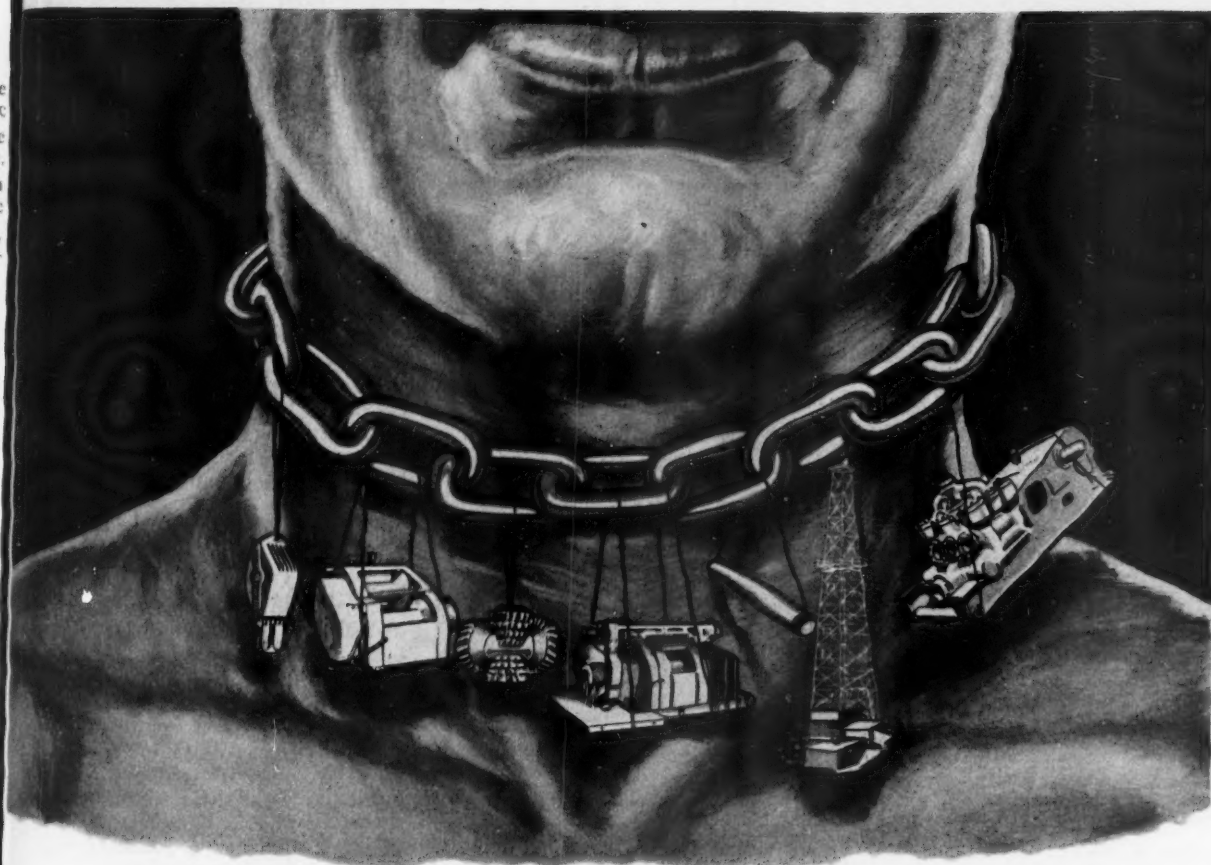
• Availability: end of the month.

### Quick Changer

Coin machines that automatically give you back the change from your fare are being made for buses and street cars. The manufacturer: Advance Products Co., 4423 Field, Detroit 13.

The units accept any coin, register the fare, and return the correct amount of change. They can handle up to 100 fares a minute. They also keep a tab on total collections, number of passengers, and special-rate traffic (school children, city employees).

By throwing a switch, the operator can make a spot check on the coins



## Consider your relation to the Missing Link

Oilmen clamor for deeper wells. Under the ocean. Under the desert. In swamp and mountain. To stave off threatened oil starvation. But not one deeper well can be drilled until a whole chain of new equipment is created. And if one link of that chain is inadequate or unavailable—progress is choked.

Suppose a bit is produced that drills deeper. That calls for more pipe. Then the derricks, blocks, rigs, everything above ground has to be re-engineered to carry the added weight.

Always engineering ahead of the trend, Dresser Industries is the one group ready with new equipment for the whole job. With its thirteen closely integrated companies, Dresser alone keeps a creative finger on every pulse point of the whole oil industry.

**THE ONLY COMPANY DOING AN OVER-ALL JOB.—**

*From well to refinery  
for the Oil Industry—  
From source to home appliance  
for the Gas Industry*

**DRESSER**  
**INDUSTRIES, INC.**

TERMINAL TOWER • CLEVELAND 13, OHIO

**BOVAIRD & SEYFANG Mfg. Co.**  
Bradford, Pa.

**BRYANT Heater Company**  
Cleveland, Ohio; Tyler, Texas

**CLARK Bros. Co., Inc.**  
Olean, New York

**DAY & NIGHT Mfg. Co.**  
Maravilla, Calif.

**DRESSER Mfg. Division**  
Bradford, Pa.

**DRESSER Mfg. Company, Limited**  
Toronto, Ont., Canada

**INTERNATIONAL Derrick & Equipment Co.**  
Beaumont & Dallas, Texas; Torrance, Calif.;  
Columbus, Marietta & Delaware, Ohio

**KOBE, Inc.**  
Huntington Park, Calif.

**PACIFIC Pumps, Inc.**  
Huntington Park, Calif.

**PAYNE Furnace Co.**  
Beverly Hills, Calif.

**ROOTS-CONNERSVILLE Blower Corp.**  
Connorsville, Ind.

**SECURITY Engineering Co., Inc.**  
Whittier, Calif.

**STACEY BROS. Gas Construction Company**  
Cincinnati, Ohio  
Stacey-Dresser Engineering Division  
Cleveland, Ohio





## NEW "PRESIDENT" LINER USES NINE



### Refrigerating Machines

And three of them are big ones, cooling nearly 55,000 cu. ft. of cargo space—including 600 tons of frozen food held at minus 10. The six other Frick machines



cool ten food service boxes for the 890 passengers and crew.

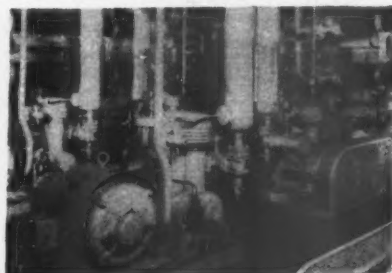
Thousands of Frick Refrigerating machines

One of Three Large Frick Freon-12 Compressors on the "President Cleveland"

are used on Navy vessels, liners, freighters, tankers, dredgers, yachts, tugs and river boats. Equally dependable, afloat or ashore. Let us quote on your cooling needs.



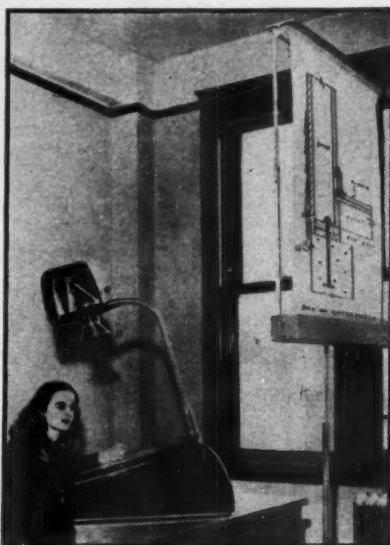
Four of Six Frick Refrigerating Units on the Ship



through a magnifying glass. The units are self-replenishing; all coins deposited are kept in the machine.

The company is adapting another model for use on vending machines.

• Availability: 60 to 90 days.



### Sales Screen

To put a little show business in your sales talks, Visualizer Co., 170 S. Beverly Dr., Beverly Hills, Calif., has an electric blackboard. It projects on a screen an enlarged image of what you write or draw on a small plastic frame.

The machine, called the Scribe Visualizer, works from a film transparency. This transparency slides into a frame beneath a sheet of transparent cellulose acetate on which the operator writes or draws with a grease pencil. Light projected upward from a reflector carries the image from the transparency to an overhead lens assembly. The lens focuses the image on a mirror which throws it on the screen.

Drawings can be projected in any color. The transparencies themselves can be maps, Kodachromes, or photographs. Writing surface is 8x10 in.; screen size, 30x37 1/2-in. The machine works in daylight.

• Availability: 30 days.

### Belt for Hot Stuff

A glass fabric conveyor belt that holds its strength under high temperatures is a development of the B. F. Goodrich Co., Akron, Ohio. It's made in two weights: four-ply for light use, five-ply for wider, longer belts where working stresses are high. Each ply of the fabric, the company says, has a tensile strength about equal to the standard 32-oz. cotton fabric used in conventional belts.

Under test, the belt is reported to have carried hot lime at temperatures

ranging from 300 F to 450 F for a year before removal for inspection. This compares with a record of seven months for a cotton fabric belt, Goodrich states.

• Availability: immediate.

### For Tough Scrapes

Scraping paint in hard-to-get-at corners is duck soup for a paint removing tool developed by Detroit's Carbology Co., Inc. The scraper has an adjustable blade made of cemented carbide. Its ends are designed to handle angles around moldings and door frames.

The carbide blade is said to be tough enough to remove splashed and dried plaster or cement. Its special shape keeps it from cutting into the surface under the paint. The scraper is manufactured and distributed by Red Devil Tools, Irvington, N. J.

• Availability: March.

### Floor Shiner

A floor polisher driven by the air pressure from a vacuum cleaner's exhaust is produced by Beal Mfg. Co., 3540 S. E. Roswell St., Portland, Ore. It's called the Speed Polisher.

A 7-in. circular bristle brush spinning on a horizontal plane does the initial polishing. For applying wax and buffing there are two sheepskin "bonnets." The polishing equipment is mounted on precision ball bearings and is grease-sealed.

The polisher works on table tops, woodwork, and automobiles, as well as on floors. It can be attached to any tank-type vacuum cleaner.

Driving unit of the polisher is an air turbine. The turbine has a reduction gear to cut down polishing speed.

• Availability: immediate.

### P.S.

Spray gun for washing autos hooks onto any garden hose. Handle holds 4 oz. of liquid detergent which mixes with water when the trigger is pulled. The gun is called Spray-Foamatic, Jr., is made by Moto-Sway Corp. of America, 205 Pasadena Ave., South Pasadena, Calif.

New antifogging agent for safety goggles and car windows has been announced by the Fine Chemicals Division of E. I. du Pont de Nemours & Co., Wilmington 98, Del.

Dental drills made by S. S. White Dental Mfg. Co., New York, use Carbology cemented carbide. The burrs generate less heat, are said to stay sharp 50 times longer than ordinary steel burrs.

Air diffuser for acoustical-tiled ceilings is made to conform to standard tile dimensions (12x12 in.). It does away with trimming for installation. Maker: Air Devices, Inc., 20 E. 43rd St., New York.

# BECAUSE *Service*

## IS A MISUSED WORD

*we tell you exactly what we mean*

*by* **MONROE** *service*

Our responsibility to Monroe users goes far beyond the manufacture of figuring and accounting machines as perfect as progressive engineering and quality manufacture can produce. That's why we have built up a nation-wide organization of our own branches whose duties are summed up in the words "Service Complete in Every Detail."

- 1** Every Monroe is serviced through a Monroe-owned branch and by Monroe-trained mechanics. Throughout the machine's long life your contact is with Monroe—our responsibility never shifts.
- 2** Monroe representatives are trained to analyze your business needs—to suggest systems and methods. Their recommendations are backed by 35 years of Monroe experience with the figuring and accounting problems of businesses large and small.
- 3** Because Monroe has a broad line of machines, the Monroe representative takes a comprehensive, impartial viewpoint . . . you get the machine that meets your specific needs most efficiently and economically.
- 4** Advisory service keeps you abreast of latest methods and machine applications. Operator assistance does not end with installation. It is constantly available—time-saving suggestions that improve your present operators' output and instruction for new ones.

**MONROE**  
MACHINES FOR BUSINESS

CALCULATING • ADDING • ACCOUNTING MACHINES

MONROE CALCULATING MACHINE COMPANY, INC., ORANGE, NEW JERSEY



## Recipient takes rap...

when your letter arrives "postage due" and he has to pay it. He is not amused. A "slow" mail scale can slow up customer relations—and sales!

Get a Pitney-Bowes Mailing Scale, and you'll have one that's right, and always reliable... won't over-spend postage or send out envelopes short paid! The automatic pendulum action is accurate, gives instant reading... the wide-space markings are easy to read, prevent errors. The eye-level chart, and big front letter tray, speed weighing—and mailing.

And the PB scale is so well made and lasts so long, it's a real economy in any office! Call our nearest office, or write for illustrated folder.

## PITNEY-BOWES Mailing Scales



PITNEY-BOWES, Inc.  
1437 Pacific Street, Stamford, Conn.  
World's largest makers of mailing machines. Offices in 63 cities in the United States and Canada.

Also available:  
a special 20 oz.  
Airmail model  
and 70 lb.  
Parcel Post Scale.



# MARKETING

## How Advertising Media Fared: '47 vs. '46

Figures on magazines, farm papers, and network radio from Publishers' Information Bureau are based on one-time card rates. Estimates of non-network radio gross reve-

nues were made by National Assn. of Broadcasters. Figures on industrial, trade, and class papers are from Industrial Marketing; those on newspapers from Media Records.

	1947	1946	% Change in Revenue
<b>MAGAZINES' REVENUE</b>			
Women's.....	\$119,161,900	\$111,745,126	+ 6.6
General.....	31,642,443	30,367,698	+ 4.2
Home Service.....	27,241,813	19,429,006	+ 40.2
Special and Outdoor.....	17,588,554	16,842,079	+ 4.4
Weekly.....	252,542,367	207,667,411	+21.6
<b>Total.....</b>	<b>448,177,077</b>	<b>386,051,320</b>	<b>+16.1</b>
<b>FARM PAPERS' REVENUE</b>			
11 Publications.....	\$26,213,213	\$20,067,474	+30.6
<b>NETWORK RADIO REVENUE</b>			
American Broadcasting Co.....	\$43,550,144	\$40,604,006	+ 7.3
Columbia Broadcasting System.....	59,250,964	60,063,905	- 1.4
Mutual Broadcasting System.....	22,372,711	25,907,202	-13.7
National Broadcasting Co.....	65,756,517	66,434,486	- 1.0
<b>Total.....</b>	<b>190,930,336</b>	<b>193,009,599</b>	<b>- 1.1</b>
<b>NON-NETWORK RADIO REVENUE</b>			
National Spot.....	\$90,000,000	\$82,917,000	+ 8.5
Regional Network.....	5,500,000	5,728,000	- 4.0
Local.....	136,000,000	116,380,000	+16.9
<b>Total.....</b>	<b>231,500,000</b>	<b>205,025,000</b>	<b>+12.9</b>
<b>INDUSTRIAL, TRADE, AND CLASS PAPERS' PAGES OF SPACE</b>			
Industrial.....	203,710	212,213	- 4.0
Trade.....	80,673	76,282	+ 5.8
Export.....	15,629	15,197	+ 2.8
Class.....	29,478	29,740	- 0.9
<b>Total.....</b>	<b>329,490</b>	<b>333,432</b>	<b>- 1.2</b>
<b>NEWSPAPER LINAGE (52 CITIES)</b>			
General.....	314,605,173	266,285,155	+18.1
Automotive.....	68,671,744	42,106,120	+63.1
<b>Total.....</b>	<b>383,276,917</b>	<b>308,391,275</b>	<b>+24.3</b>

## Another Big Year in '48?

Advertising expenditures in newspapers, non-network radio, many magazines soared in '47. Admen figure that gains will hold. Auto model changes will help—particularly newspapers.

For many salesmen of advertising space and radio time, 1947 is a pleasant year to look back on. According to figures released last week (table) newspapers, non-network radio, and many magazines gathered some juicy plums during 1947. In a lot of advertising agencies, observers are betting that these media will continue to make gains in 1948.

For other media—notably network radio and various industrial papers—1947 was a year of either small gains

or small losses as compared with 1946. • **Magazine Record**—As a group, magazines posted new record highs in revenues for the third straight year. But in 1946 most classifications gained in both linage and revenues; last year they gained in revenues only. Women's magazines picked up 6.6% in revenues, but linage fell 10%. General magazines took a 4.2% increase in income, dropped 5% in the amount of advertising carried.

Home service magazines bucked that



# NEWEST IN "NEEDLES" FOR "STITCHING" STEELS



Pictured above are the "needles" of the latest machine for "stitching" layers of corrosion-resistant alloy steels to a low-cost carbon steel base plate by electric-resistance welding. Developed and built by B&W for exclusive use in its own shops, this machine represents an important advance in the art of seam-welding "clad" steels for fabrication into process equipment for refineries, chemical plants, and paper mills.

Creation of this machine is another example of B&W's continuing search for better tools and better methods to serve industry. Many years of this kind of engineering resourcefulness has linked B&W's name with many significant developments in widely divergent fields. For B&W has never lost the art of having new ideas—a good reason to turn to B&W for help on your present problems or future plans.



## BABCOCK & WILCOX

**THE BABCOCK & WILCOX CO.**

General Offices: 85 Liberty St., New York 6, N. Y. Works: Alliance and Barberton, O., Augusta, Ga.

**THE BABCOCK & WILCOX TUBE CO.**

General Offices: Beaver Falls, Pa. Plants: Beaver Falls, Pa.; and Alliance, Ohio

N-40

Water-Tube Boilers, for Stationary Power Plants, for Marine Service . . . Water-Cooled Furnaces . . . Superheaters . . . Economizers . . . Air Heaters . . . Pulverized-Coal Equipment . . . Chain-Grate Stokers . . . Oil, Gas, and Multifuel Burners . . . Seamless and Welded Tubes and Pipe . . . Refractories . . . Process Equipment

UNIVERSITY MICROFILMS

# 13 Times as Fast as a Hand Hoist!

Yet...

## the One-Ton WHITING Electric Hoist COSTS ONLY

**\$230<sup>00</sup>**  
F. O. B.  
HARVEY,  
ILLINOIS

You can release men and machines for productive work and cut idle time, with these new, high-speed Whiting electric hoists. Even when used only a few minutes a day, they pay for themselves in a very few months. Workers like them too, because they make it so easy to handle back-breaking loads.

To install a Whiting hoist, simply hang it up, plug it into the nearest electrical outlet, and it's ready for use. The hoist is so light in weight that one man can install it without assistance, yet it has the ruggedness to stand up under heavy duty. Investigate the money-saving possibilities of this new hoist.

Whiting hoists have easy, one-hand control

**Whiting  
ELECTRIC  
HOIST**

1/4, 1/2, and 1-Ton

**SEND FOR  
BULLETIN**



### WHITING CORPORATION

15661 Lathrop Ave., Harvey, Ill.

- ☐ Send me a copy of your Bulletin H-100A.
- ☐ Send me the name of the Whiting distributor in my locality.

NAME \_\_\_\_\_

STREET ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_

STATE \_\_\_\_\_

trend: They took in 40.2% more revenue, boosted lineage 14%. But special and outdoor magazines, with a 4.4% rise in revenues, lost 13% in lineage. And weekly magazines lost 2% in lineage despite a 21.6% increase in income from ads.

• **Two Reasons**—There are two main reasons for higher income in the face of a lineage dip.

One is the fact that most magazines upped space rates during 1947. The latest rash of these broke out late last year (BW—Nov. 8 '47, p48).

A second reason lies in the channeling of a great deal of magazine advertising into the big-circulation magazines, when before it had been scattered in three or four second-line publications. Naturally this meant a drop in lineage. And the space rates of the larger magazines were usually high enough to gobble up the money that had previously been spent in the smaller magazines—and more. Thus, while most of the large women's magazines rang up substantial revenue and lineage gains, many publications with a narrower field of advertisers (such as the movie and romance magazines, also included in "women's magazines") took it on the chin.

• **1948: Same Revenue?**—Advertising men expect 1948 to bring in about the same total revenue for magazines.

The share each magazine gets, however, may vary widely from this year's divvy. If advertisers want to keep the same amount of space they used in 1947, they'll have to increase their budgets. Instead, they may trim their ad schedules. And since few wish to pare their programs in the big-circulation weeklies, the magazines with fewer readers may suffer some more.

• **Newspapers, Too**—Newspapers also benefited from 1947's record advertising. The biggest part of the gain came from a 63.1% increase in the amount of automotive advertising.

This year the newspapers will probably pick up even more lineage—and revenue. Space-rationing to advertisers, on the wane in 1947 because of increased supplies of newsprint, may be still easier by the end of the year.

Automotive ads will also help boost 1948's lineage—especially since Detroit is making the first real model changes since the end of the war (BW—Jan. 24 '48, p19). Newspapers like these ads: besides being big space-users, they are placed at the national rate—higher than the rates charged local advertisers.

Automobiles will bolster advertising at the local level, too. Auto makers set aside a certain amount of advertising money for each new car turned out. This is credited to the account of the dealer to whom the car is delivered. The dealer then uses the money to buy local advertising. Agency men estimate

# NEW CHEVROLET

## Advance-Design Trucks for 1948



**Only Advance-Design Trucks for 1948  
Have All These New and Finer Features:**

★ **New Chevrolet 4-Speed Synchro-Mesh Truck Transmission**



Entirely new Chevrolet developed Synchro-Mesh transmission assures truck users of unparalleled new ease and efficiency in truck operation!

★ **New Chevrolet Advance-Design Gearshift Control**



Unrivalled new convenience and ease of operation in Advance-Design models with 3-speed transmission. Gearshift is mounted on the steering column to provide new efficiency on every hauling job!

★ **New Foot-Operated Parking Brake**



Here's a revolutionary new feature of Advance-Design Models with 3-speed transmission. The new Chevrolet foot-operated parking brake provides safer, more efficient braking, plus new, clear floor area!

★ **New Improved Chevrolet Valve-in-Head Engine**



The world's most economical engine for its size—Chevrolet's power-packed valve-in-head engine is now even finer, with vital new features that assure greater durability and operating efficiency.

★ **New Multiple-Feature Developments**



Chevrolet's Advance-Design provides new splined rear axle shaft attachment to wheel hubs for greater strength and durability in heavy-duty models. . . . New heavier, more durable springs. . . . New propeller shaft bearing-seal design. . .

**The Newest Line . . . The Greatest  
Features . . . The Biggest Values!**

Here are the nation's biggest truck values —with the latest and greatest features of advance-engineering! They're new Advance-Design Chevrolet trucks for 1948 —107 models on eight wheelbases—built to deliver *Transportation Unlimited!* See them at your Chevrolet dealer's.

CHEVROLET MOTOR DIVISION, General Motors Corporation, DETROIT 2, MICHIGAN



... PLUS THESE FAMOUS PROVED ADVANCE-DESIGN FEATURES:

The Cab that "breathes"\* • Flexi-Mounted cab • Uniweld all-steel construction • Large, durable, fully adjustable seat • All-round visibility with rear-corner windows\* • Extra-durable frames • Full-floating hypoid rear axles • Specially designed hydraulic truck brakes • Thorough cab-sealing insulation • Standard cab-to-axle-length dimensions permitting interchange of bodies . . . and MANY other fine features.

\*Fresh air heating and ventilating system and rear-corner windows optional at extra cost.

**CHOOSE CHEVROLET TRUCKS FOR TRANSPORTATION UNLIMITED!**





# Does your face wear the NEW LOOK?

OBSOLETE calculating EQUIPMENT drops your chin where it doesn't belong. To snap it back to normal REPLACE with FRIDEN, the Fully Automatic Calculator. You'll find it a real pleasure—getting *accurate answers* as if by magic... when the Calculator, not the operator, does the work. Simply call your local Friden Representative and arrange for a demonstration on your own problems...any type of figure work. This is your invitation to join the ever-growing ranks of countless satisfied Friden Users.

*Friden Mechanical and Instructional Service is available in approximately 250 Company Controlled Sales Agencies throughout the United States and Canada.*



**FRIDEN CALCULATING MACHINE CO., INC.**

HOME OFFICE AND PLANT - SAN LEANDRO, CALIF., U. S. A. • SALES AND SERVICE THROUGHOUT THE WORLD

that roughly 90% of this money will go into newspaper ads.

• **Farm Papers Boom**—Farm prosperity made 1947 a big year for farm-paper advertising. The same reason will probably assure the farm papers of a healthy 1948.

Even if farmers suffered a 10% drop in income, they would still be one of the lushest markets in the U. S.

• **Non-Network Radio**—Although regional networks posted a 4% drop in revenues, non-network radio as a whole advanced 12.9%. The high price of network time plus talent costs is driving many advertisers to buy non-network airtime. Another attraction of such spot radio time is its flexibility; it can be used to sell products that can't be marketed nationally.

This year should see local and national spot radio advance again. Radio time buyers, reputedly the cageiest of all media purchasers, pride themselves on picking up bargains in spot radio. They count on smart time-buying to buck up weak spots in national campaigns, or to cultivate individual markets more intensively without waste "circulation."

• **Network Radio**—Network radio may not share in the gain. For the third straight year its revenues have hovered around the \$190-million mark. Only one chain, American Broadcasting Co., registered a gain.

The chief reason for the networks' static position lies in their inability to increase the number of broadcasting hours available. Since most of the available time on networks is already sold, the only way to boost revenues is to boost time rates.

But even a rate increase might not do the trick. Many agency men feel that a rate increase would drive advertisers into spot radio. This is particularly true because the networks rely heavily on food and drug sponsors, who aren't in the sellers' market that auto makers are.

• **Industrial, Class Papers**—Industrial papers, and class magazines (for professional and semiprofessional groups), hovered just below last year's lineage figures, but trade and export papers racked up small gains.

The situation for 1948 is problematic in the face of such opposing forces as the commodity market break and the Marshall Plan. But a repetition of last year's trend would not be surprising.

• **Forecast**—The National Industrial Conference Board is sanguine about this year's advertising prospects. Ad expenditures will consume about the same proportion of industry's sales dollar that they did last year, N.I.C.B. reports. And since "sales are expected to increase, the aggregate dollar expenditure... will be greater." That would leave media men with only one problem: divvying up the cash.



## Steel that took a memory course

This bright, thin wire of ARMCO Stainless Steel "remembers" the moments you treasure most.

In the new home recorders it "listens" to your favorite radio programs — music, drama, fights, baseball — then plays them back faithfully, brilliantly any time you wish.

Wire for home recording sets not only must be strong and rustless, but must have special magnetic properties for good reproduction. Armco Research men worked closely with manufacturers to develop a stainless steel with the precise magnetic quality needed for clear, noise-free recording. This unique use is another example of creative Armco Research . . . and of the

versatility of stainless steel. It may suggest to manufacturers new uses for this bright, strong, rustless metal.

More than 60 grades of stainless are produced by Armco in many forms and finishes. They include super-thin strip for weather-stripping, watch bands and other attractive products . . . bars for such products as table flatware and golf club-heads . . . sheets for kitchen sinks and modern roof-drainage systems . . . and many others. Each is made for special purposes.

That's why buyers trust the famous Armco triangle as a guide to extra quality. The American Rolling Mill Company, 70 Curtis Street, Middletown, Ohio. Export: The Armco International Corporation.



**THE AMERICAN ROLLING MILL COMPANY**

• SPECIAL-PURPOSE SHEET STEELS

• STAINLESS STEEL SHEETS, STRIP, BARS AND WIRE



**TRIUMPH IN TRAINING  
and  
ENTERTAINING EMPLOYEES**

## VICTOR'S TRIUMPH 60

**16mm Sound Motion Picture Projector for**

- **SHOP TRAINING**
- **PERSONNEL WORK**
- **EMPLOYEE ENTERTAINMENT**
- **SAFETY CAMPAIGNS**

Almost everywhere in modern industry, you'll find Victor's versatile Triumph 60 as the "Jack of all Trades." Whatever your problems, you'll find the Triumph 60 your "first assistant." Thousands of technical and safety films are available. Ask your nearest Victor dealer for a demonstration or write for Victor's new industrial folder.

*Victor Animatograph Corporation*

A DIVISION OF CURTISS-WRIGHT CORPORATION  
Dept. BW-6, Home Office and Factory: Davenport, Iowa  
New York • Chicago • Distributors Throughout the World  
MAKERS OF MOVIE EQUIPMENT SINCE 1910



## Moot Discounts


Minneapolis-Honeywell's quantity discounts bring on a cease-and-desist order, but FTC is split over the issue.

This week the Federal Trade Commission headed for a showdown on the whole subject of quantity discounts under the Robinson-Patman act. This much looks clear as a result of a recent FTC cease-and-desist order against the Minneapolis-Honeywell Regulator Co.

• **Rift**—The order reversed the findings of an FTC trial examiner. And it opened up a familiar rift in FTC ranks.

ON ONE SIDE are the elder statesmen of FTC, who construe the Robinson-Patman act strictly. To them, some of M.-H.'s prices were not justified by differences in cost. This was the crux of the matter to 81-year-old William A. Ayres, who wrote the decision.

ON THE OTHER SIDE is Lowell B. Mason, who dissented in the pithy, nonlegal language for which he is famous. Said he: Strict enforcement of the order would mean that "we have arrived at the millennium when no one will be allowed to take any business away



.....COME

# 17<sup>th</sup> AMA PACKAGING EXPOSITION

## CLEVELAND AUDITORIUM

## APRIL 26 - APRIL 30, 1948

SPONSORED BY AMERICAN MANAGEMENT ASSOCIATION

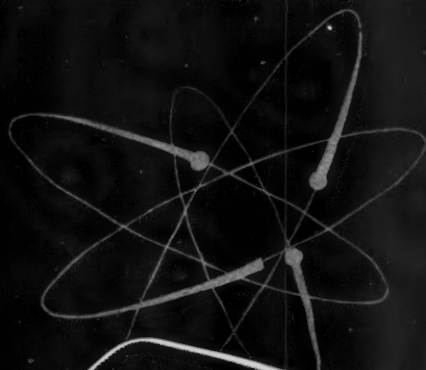


### FACT FINDER

A new market and opinion research concern has opened its doors in New York: Cornelius Du Bois & Co. Du Bois, who heads the company, for the past 10 years has been director of research for Life magazine. His firm will specialize in studying advertising effectiveness. Starting accounts: Life, Columbia Broadcasting System.

Before his Life assignment, Du Bois was promotion manager of Time. He's president of the Market Research Council, a member of the executive council of the American Assn. for Public Opinion Research.





Your short cut to a clear desk lies through the Edison Electronic Voicewriter . . . the machine that lifts the brakes from your dictating speed. Exclusive Ear-Tuned Jewel-Action gives a clear channel to the higher voice tones responsible for word recognition . . . helping your secretary to keep in step with your fastest dictating pace, without costly, time-wasting errors. No other instrument matches Edison understandability . . . because only Edison has Ear-Tuned Jewel-Action.



*Thomas A Edison*




PHONE "EDISON" is yours only or write  
Thomas A. Edison, Incorporated, West  
Orange, New Jersey, to Canada: Thomas A.  
Edison of Canada Ltd., Toronto 1, Ontario.

EDISON ELECTRONIC VOICewriter



UNIVERSITY OF MICHIGAN LIBRARY



*Seeing Red...*

**in an annual report  
or as rust on property are danger signs  
to oil and gas executives**

Rust, which gnaws away an estimated two billion dollars worth of metal a year, was once a challenge to science. Dearborn met that challenge over a quarter century ago . . . with its chemically inhibited rust preventive . . . NO-OX-ID.

Oil and gas companies, besieged by rust tormentors, were among the first to recognize the protective qualities of the tough yet resilient film. They applied it to pipe lines laid through corrosive soils, and to ferrous metal structures subjected to corrosion-laden air.

It stood the test of time . . . so well, in fact, that NO-OX-ID was commandeered for service early in the war. Today, the use of NO-OX-ID and NO-OX-IDized Wrappers bring satisfaction to management and men. Low cost of application and of materials quickly fades red ink losses which would be caused by letting corrosion take its toll.



Only a small crew is needed to apply NO-OX-ID coating and NO-OX-IDized Wrapper to pipe. Work can be done by hand, traveling or stationary machine, in the pipe yard or out on location.



**Dearborn**  
TRADE MARK REGISTERED

**Engineering Service in Rust Prevention,  
and Water Treatment for boilers and locomotives**

**DEARBORN CHEMICAL COMPANY**

Laboratories and General Offices  
310 S. Michigan Ave., Chicago 4, Illinois

Engineering sales offices in principal  
cities around the world

from anyone else, and free competition will be in the museum of quaint, outmoded ideas."

• **Cost Differential**—M.-H. had a sliding scale on quantity discounts. FTC didn't object to the company's discounts for smaller quantities. It found that they were justified by actual cost differences. The clash of opinion came over M.-H.'s discounts for larger quantities (which account for 55% of the company's sales to oil burner firms).

M.-H. argued that it had to give these discounts to "meet competition" and hold the business of its larger accounts. There was never any question about undercutting the competition. According to FTC, M.-H. consistently sold at higher prices than its competitors.

• **Trial Examiner**—The trial examiner recommended that the case be dismissed. True, he said, M.-H. discriminated in its prices to some manufacturers; but this did not tend "to substantially lessen, injure, prevent, or destroy competition" between oil burner manufacturers.

Mason went even further. He pointed out that M.-H.'s competitors nabbed a larger chunk of the total market during the period covered by the case. M.-H., he said, saw that it was losing ground and cut prices. Mason thought this meant an increase of competition.

• **Ayres' View**—Ayres didn't see it that way: "To accept this proposition would mean that any seller of a commodity which generally sells at a premium price may freely discriminate among its customers so long as it does not undercut the prices of competitors."

The Supreme Court may eventually end the confusions over the Robinson-Patman act's quantity-discount clauses. For it now has another, similar case before it. This involves an FTC cease-and-desist order against the Morton Salt Co. (BW—Jan. 10 '48, p46). FTC argued for a hearing after Morton got a reversal on the order from the U. S. Circuit Court of Appeals in Chicago. M.-H. will probably take its case to a Court of Appeals, too.

## N. J. MAY LEVY CIGARETTE TAX

Cigarette smokers of New York and Pennsylvania who have been buying their smokes in New Jersey to avoid high sales taxes may find it hardly worth the bother. In Pennsylvania, the tax is 4¢ a pack; in New York it has been 5¢ since Jan. 1. Now Gov. Albert E. Driscoll has proposed a cigarette tax of 3¢ a pack for New Jersey, to take effect July 1, 1948.

Pennsylvania cigarette tax receipts indicate a slight drop in purchases since its old 2¢ tax was hiked to 4¢ last June. The state's receipts in the last half of 1947 came to \$25-million; in the last half of 1946, they were \$13-million.

# ROBERT GAIR ANNOUNCEMENT

About April 1, 1948, our new Kraft Liner Board Mill will come into production at Port Wentworth, Ga. This high speed modern Mill will supply the tonnage of Liner Board for fabrication into Corrugated Shipping Containers by the Nine Gair Box Plants located at

N. TONAWANDA, N. Y.      PORTLAND, CONN.

SYRACUSE, N. Y.      CAMBRIDGE, MASS.

UTICA, N. Y.      HOLYOKE, MASS.

NEW LONDON, CONN.      CLEVELAND, O.

PHILADELPHIA, PA.

**ROBERT GAIR COMPANY, INC.**

NEW YORK • TORONTO



FOLDING CARTONS • SHIPPING CONTAINERS • PAPERBOARD



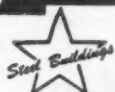


IMPORTERS OF  
**QUALITY COFFEES**  
for  
**AMERICAN ROASTERS**  
  
**AMERICAN MERCHANDISE**  
EXPORTED TO  
**COFFEE PRODUCING**  
**COUNTRIES**

**OTIS, McALLISTER & CO.**

World Traders Since 1892  
310 Sansome St., SAN FRANCISCO 4  
Canal Building, NEW ORLEANS 12  
LOS ANGELES CHICAGO  
NEW YORK

ANY LENGTH • ANY HEIGHT • ANY WIDTH



**LOW COST**

**INDUSTRIAL**

**BUILDINGS** ALL TYPES

Fabricated and Completely **INSTALLED**

**\$1.50--\$2.50** Per Sq. Ft.\*

\*Depending on window and door requirements

HITCH YOUR BUILDING PROGRAM TO

All-purpose **Starbilt**



**STEEL BUILDINGS**

**STAR**

MANUFACTURING CO. OKLAHOMA CITY

BRANCHES: ST. LOUIS, MO.; KANSAS CITY, MO.; CHICAGO, ILL.; PHOENIX, ARIZ.; DENVER, COLO.; SALT LAKE CITY, UTAH; LOS ANGELES, CALIF.; SAN FRANCISCO, CALIF.; PORTLAND, ORE.; SEATTLE, WASH.; SPOKANE, WASH.; BUTTE, MONT.; SALT LAKE CITY, UTAH.

Write TODAY for more detailed information and cost estimates.

## Promoting Apples

Growers combat drop in demand with \$700,000 campaign; its success may lead to new apple marketing techniques.

After five fat years, Washington apple growers—who produce one-third of the nation's apple crop—have recently fallen on lean times. Last week, however, they felt much better about their outlook. A dose of tried-and-true merchandising vitamins seemed to be working.

• **Reasons**—The anemic market that has been bothering the growers resulted from a combination of factors:

(1) A freakish season matured the Washington crop early. There was a wider-than-normal variation in condition of the fruit; that caused a wide variation in prices. Fruit reaching the market in poor condition hurt sales.

(2) Distributors, holding high-cost inventory, were slow to cut prices. So housewives put the ax to fruit buying in general.

(3) Export was dead. In normal times, exports take about one-fourth of Pacific Northwest apples.

(4) British Columbia growers shipped 1,500 cars into the U. S. Though the quantity was small compared with the Washington crop of close to 39,000 cars, British Columbia apples were of select sizes and extra fancy (top) grade.

(5) Apple processors had a substantial carryover of such items as canned and frozen applesauce. So 24-million bu. (3,000 cars) from growers throughout the country which went to canners last year were thrown on the fresh market this year.

(6) The recent temporary freight-rate boost brought the freight and refrigeration cost on carlot shipments to New York to \$1.12 a box—almost double the 1940 rate.

• **Selling Campaign**—In January, growers and shippers launched the heaviest promotion campaign the industry has ever known. Advertising and dealer promotion, handled by the grower-supported Washington State Apple Commission (through J. Walter Thompson Co.), was stepped up to a record total of nearly \$700,000 for the season. Though the campaign embraced a variety of media, it banked heavily for its early momentum on a barrage of spot radio announcements.

Task forces of growers and shippers were sent to 37 markets from coast to coast; they held meetings with terminal handlers, wholesalers, major retailers, newspapers' market editors. Purpose: to sell them the idea that Washington apples were plentiful, reasonably priced, and well backed with consumer advertis-



"MISS DELICIOUS" helps Washington state sell its fruit after market weakens

ing. Objective: to bring retail prices down in line with f.o.b. prices, and thus build sales.

• **Results**—By late January, results were becoming apparent. Shipments rose to 1,250 cars a week. Prices firmed on good-quality fruit, but any suggestion of a price advance was talked down lest it cut sales.

There were other promising developments. Sweden said it would spend \$14-million for apples and winter pears—the first break in the export logjam. The Dept. of Agriculture announced that it would buy \$24-million of fresh apples for the school-lunch program in the Pacific Northwest.

• **Long-Term Changes**—For the long pull, there is increased recognition of the need for better handling of fruit from orchard to consumer—such as teaching retailers to keep apples in cold storage. There is increased talk, too, of consolidating all sales and shipments in one organization. British Columbia apples are handled that way; the California Fruit Growers Exchange has long done it with Sunkist citrus.

## RULES FOR COIN WASHERS

The problem of sanitation in coin-operated laundries has forced more than one city to set up rules for their operation (BW—Feb. 22 '47, p. 28). Recently New York City issued its set of regulations for the laundries. In addition, the city levied a \$2 annual fee on each of the 20,000 public washing machines.

The sanitation rules require that adequate plumbing be installed; the water furnished for washing must be at least 140 F unless a germicide is used.

## Hudson's Fashions

Eight new apparel shops in its own building mark Detroit department store's bid to lure business from specialty stores.

The J. L. Hudson Co. is by far the biggest department store in Detroit—and one of the two or three biggest in the country. But it would like to be even bigger. So it's going after the customers who patronize Detroit specialty stores—by starting its own specialty store right in its own building. It has just opened eight new, ultra-swank apparel-selling units—a block-long row on its seventh floor called the "Woodward Shops."

• **Away From Tradition**—The move marks a distinct change in Hudson's traditionally conservative policy. Since its founding in 1881, the store has built its business by sticking to the sure thing: When high-priced merchandise was in demand, Hudson's supplied it; when demand fell off in Detroit's feast-or-famine automotive economy, Hudson's cut back quickly.

But this new step is almost the opposite of conservative. Specialty stores are one of the riskiest types of retail

store. Their selling costs are apt to be high; their setups aren't very flexible. But they are big money-makers in boom times—even if equally big money-losers in bad times. Viewed in this light, it looks as if Hudson's is betting on a continued boom in Detroit for a good while.

• **Prestige Factor**—Prestige with its suppliers is another factor in Hudson's decision. Stores have found that they cannot trifle with the affections of the high-fashion apparel trade. That is, they cannot neglect top-ranking designers in slow times if they would have them as resources when demand is brisk.

Further, the prestige resulting from carrying designers' originals sifts down in the trade; it helps get good treatment for a store's buyers of medium- and lower-priced apparel as well. It's the same sort of thinking that prompts department stores—Hudson's among them—to advertise their fashion wares in Vogue and other consumer magazines. It impresses the trade. And so far as it also impresses the home-town customer, so much the better.

Hudson's has the top competitive position among Detroit department stores. So much so that it considers its own basement store (separately run but under the same ownership) to be its runner-up. But it is not without rivals in fashion merchandise among specialty stores—Irving's Himelhoch Bros., Rollins



## Stowaway Showroom for Double Duty

Department-store buyers on their treks to Manhattan pose a problem for manufacturers with showrooms in the city. The buyers bulge into the office for 10-day periods twice a year, and a lot of private conference rooms are needed. But the offices are almost bare the rest of the time.

The corset-making Warner Brothers Co., Bridgeport, Conn., thinks it has hit on an answer to problem of providing temporary private offices. It is a now-it-is-now-it-isn't

showroom. When a buyer appears, a salesman swings open a panel door in the wall, exposing a cupboard with a stored table and chairs. In no time the table and chairs are set up, the salesman is deep in conference with the buyer in a semiprivate cubicle. When no buyers are around, the panel doors (which line the walls) are closed; this turns the big room into a display area.

The New York concern of Beeston-Stott-Patterson designed the stowaway idea.

## WANT TO START Something?



## START IT IN NORTH CAROLINA

... where opportunity for scores of industries is far above the average for the nation;

Latest census figures give industrialists two good reasons for locating their new plants in North Carolina.

A wider choice of sites . . . North Carolina has room for hundreds of new industries before it reaches the national average.

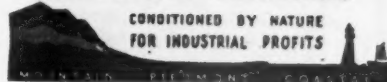
A labor potential 30% above the national average . . . while the average state has one industry for every 715 people, North Carolina has one for every 1107 people.

If you're looking for plenty of room to grow and plenty of resources to grow on . . . where a million dollar plant may accent a village skyline . . . where friendly, industrious people go all out to make each new industry GO—and GROW—then North Carolina is your state.

Our industrial engineers will be glad to gather accurate information to meet your special needs. Write today to Division M 1-6, Department of Conservation and Development, Raleigh, North Carolina.

# North Carolina

CONDITIONED BY NATURE  
FOR INDUSTRIAL PROFITS



# What in the world

## ART?

Of course! Most women have a natural interest in art and—the arts . . . and a special feminine interest in the personalities of those who make news in the world of art.



## NATIONAL AFFAIRS?

Certainly! For women, today, have an active citizen's interest in the plots, the props, and the people who star in our national scene . . . as well as a practical interest in how the act will affect their personal lives and family budgets.



### How intensely do women read TIME?

EACH WEEK 1,500,000 women and 1,800,000 men read TIME. Studies among equal numbers of TIME-reading men and women show the intensity of readership by sex for each TIME department.

The readership figures reported here for each department are based upon 1600 personal interviews.



**MEDICINE**  
93 women readers  
for 100 men



**MILESTONES**  
104 women readers  
for 100 men



**MISCELLANY**  
102 women readers  
for 100 men



**MUSIC**  
117 women readers  
for 100 men



**NATIONAL AFFAIRS**  
80 women readers  
for 100 men



**PEOPLE**  
103 women readers  
for 100 men



**PRESS**  
78 women readers  
for 100 men



**ART**  
128 women readers  
for 100 men



**BOOKS**  
120 women readers  
for 100 men



**BUSINESS**  
59 women readers  
for 100 men



# ... interests women?

? ... AND PRACTICALLY EVERYTHING ELSE!

That's why, today, 1,500,000 women — as well as  
1,800,000 men — are reading TIME each week!



COVER-TO-COVER readership of TIME is a feminine as well as a masculine habit.

Why does TIME interest so many women so much?

**First**, because TIME is the kind of magazine it is. Week after week, page after page of TIME has articles that satisfy an intelligent woman's natural curiosity about the world around her . . . and appeal to her personal feminine interest in how the world affects her family, her home, her budget, and her busy life.

**Second**, because they are the kind of women they are. With incomes and educations and energies way above the average, TIME-reading women are among America's most alert, active people.

In a week they do more planning and discussing and managing—in the home and out—more buying and consuming and recommending, than most women do in a month. And all of this with a confidence that comes from understanding what's going on.

When you can get their interest—and gain their confidence—you've got something. And the best place to get *both* is in TIME.

## TIME

The Weekly Newsmagazine

...read every week by the men and women who are America's best customers



**CANADA**  
women readers  
for 100 men



**CINEMA**  
122 women readers  
for 100 men



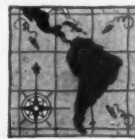
**EDUCATION**  
97 women readers  
for 100 men



**FOREIGN NEWS**  
78 women readers  
for 100 men



**INTERNATIONAL**  
74 women readers  
for 100 men



**LATIN AMERICA**  
77 women readers  
for 100 men



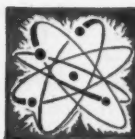
**LETTERS**  
97 women readers  
for 100 men



**RADIO**  
women readers  
for 100 men



**RELIGION**  
102 women readers  
for 100 men



**SCIENCE**  
73 women readers  
for 100 men



**SPORT**  
55 women readers  
for 100 men



**THEATRE**  
114 women readers  
for 100 men





## Which to use?

(One of the most important decisions in your business)

These two sheets of paper look alike... "feel" alike... and can be used alike.

But there is this important difference:

One sheet is opaque. The other is translucent—see how the light shines through!

When you type, draw or write on translucent papers or cards... an almost unbelievable change takes place in your office. Reports and records become "alive"... can now be reproduced without photography... whenever needed... in a fast, economical blueprint, whiteprint or Ozalid machine.



25 seconds is all it takes to reproduce any translucent record in new Ozalid Streamliner. Besides, each Ozaprint is a positive (not negative) copy—same size as original, and as easy to read.

Cost? Less than a cent and a half for an 8½ x 11-inch Ozaprint.

Write today for free booklet No. 30,  
It lists your savings job-by-job.

# OZALID

Division of  
General Aniline & Film Corporation  
Johnson City, New York

Ozalid in Canada  
Hughes Owens Co., Ltd., Montreal

& Co., Saks Fifth Avenue, B. Siegel Co., and Russeks among them.

• **Lures**—The new Woodward Shops try to give the customer both personal attention and exclusive atmosphere—two things that specialty shops can provide more easily than department stores because of their smaller size. The eight shops are: Town & Country Shop, B. H. Wragge Shop (for casual clothes and sportswear), Gown Shop (evening dresses), Green Room (better dresses), fashion coats, millinery salon, accessories shop, and shoe salon. In setting them up, Hudson's added no new lines; it merely shifted, concentrated, and glamorized existing departments.

Now, instead of tramping from one floor to another in search of an ensemble, the customer can relax in a pastel dressing room and be fitted out from head to toe in any type of apparel.

"Costume Completion" is the watchword of the Woodward Shops. In this, Hudson's is merely applying a policy in which it has long believed: to provide customers with fashion guidance on the theory that most women distrust their own judgment.

• **No Basic Shift**—There are other factors to reassure Detroit women that even in its snazzy Woodward Shops, Hudson's is still Hudson's. For one thing, the shops feature merchandise that is "fine," but not necessarily high-priced; medium-priced dresses rub shoulders with designers' originals. For another, only the gown salon has concealed stock as in the ultra-exclusive apparel shops. The others have the familiar Hudson racks; the customer can examine the garments without a saleswoman's assistance. And if she's timid, she can even sneak a peek at the price tag.



## Working Clothes on Dress Parade

The overall is due for an overhaul. The overhauler—Reeves Bros., Inc.—won't go so far as to say work clothes will have the New Look; it does think that they will have the "new functional look." Reeves recently put on a fashion show at New York's swanky St. Regis Hotel to show what it meant.

Reeves, big textile producing firm, asked Helen Cookman, fashion designer, to do an entirely new line of work clothes and uniforms—including garments for milkmen, garage attendants, hospital workers.

If its "revolution" succeeds, Reeves stands to gain plenty. The work clothing industry takes a lot of textiles. It cuts around 12-million dozen garments a year, with an estimated wholesale value of \$500-million. Reeves reported last week that its sales for the six months ended Dec. 31, 1947, were \$32.6-million, against \$27.6-million in the same period in 1946.

Despite the big market, the business has been sliding in recent months. Cuttings of all work clothing for the first nine months of 1947 totaled 9-million dozen. For the

same 1946 period they came to over 10-million dozen. Reasons for the slump: the appearance of war surplus materials on the market in late 1946, and the changeover from war "ersatz" materials to better fabrics, which caused many fabric plants to shut down temporarily. New styles might prove to be a shot in the arm for sales of work clothes.

The new line aims at two points: a smart uniform, good for the wearer's morale and for customer goodwill, and a functional one. Mrs. Cookman talked to milkmen, garage attendants, and others, to make sure that garments were reinforced in the right spots, and that pockets were designed for the right places.

One of her quiet triumphs involved uniforms for women detectives in a big department store. The squad didn't like the inconspicuous uniforms, felt subdued by them. So Mrs. Cookman came up with some startling lingerie to be worn underneath the uniforms. Result: a sharp upturn in the detectives' morale.

# FINANCE



IN HAPPIER DAYS, Kaiser (left) and Frazer (right) posed with Eaton of Otis Co.

## When Friends Fall Out

Kaiser-Frazer Corp. sues Cyrus Eaton's Otis & Co. for \$7.8-million after Otis cancels contract to underwrite offering of new K-F. stock. Wall Street watches with mixed emotions.

Never in Wall Street's memory has an underwriter broken off a publicly offered new-issue deal.

So when just that happened last week (in Cleveland, though, not New York) the Street had something juicy to bruit about. What made the morsel even more delicious was that Henry Kaiser (Kaiser-Frazer Corp.) and Cyrus Eaton (of Cleveland's Otis & Co.) were involved.

K-F., alleging that Otis had walked out on its new stock issue, was suing for \$7,762,500.

• **Pleasure and Pain**—That Kaiser is trying to pour legal hot water on Otis and Eaton pleases the Street's investment bankers immensely. Not that they have any special sympathies for Kaiser. But they haven't forgot that Eaton was a leader in the successful battle for competitive bidding on new rail and utility bond issues a decade ago. Hence, any trouble that befalls Eaton is regarded in the Street as pure justice.

Mingled with pleasure, however, is some pain. The K-F.-Otis affair is sure-fire headline stuff. And the Street doesn't want the public to get the idea that investment bankers don't live up to their commitments.

Here's the story of the K-F.-Otis ruckus:

• **First Instalment**—On Jan. 6, after market closing, K-F. announced plans to sell 1.5-million shares of new common stock (BW—Jan. 10 '48, p20). Object: to buy new capital equipment, increase production capacity from 1,000 cars a day to 1,500. Otis and First Cal-

ifornia Co. were to manage the syndicate with Allen & Co., New York, participating.

Just before the announcement, K-F. common closed at 14½ on the New York Curb Exchange. On Jan. 7 it opened at 13½, dipped to 13¼, closed at 13¼. By Jan. 9 it was down to 12. For two weeks it bobbed around that level, finally sinking to 11 on Jan. 23 and 24.

• **Second Instalment**—On Jan. 26, K-F. said the new issue had been postponed because of the poor state of the market (BW—Jan. 31 '48, p67).

With that announcement, the price of the existing shares promptly went up. On Jan. 26 the stock closed at 11¼; the next day, at 12¼; the next, 14. On Jan. 29 it hit a high of 14½; for the next three market days it moved between 13½ and 13¾.

• **Third Instalment**—On Feb. 3, early in the morning, Otis suddenly announced it would offer the new K-F. stock after all—following the market close that day. Activity in the existing stock zoomed. By the close, 159,300 shares changed hands—50% of all sales on the Curb during the day. And the price never fell below 13½.

At 7 p. m. the new issue was offered at \$13 a share. And in a sticker across the face of the prospectus was the explanation for that day's sweet performance: K-F. said it had bought 186,200 existing shares "in connection with stabilizing the market price prior to 3 p. m. Feb. 3."

According to the SEC registration, the underwriters were to buy 900,000

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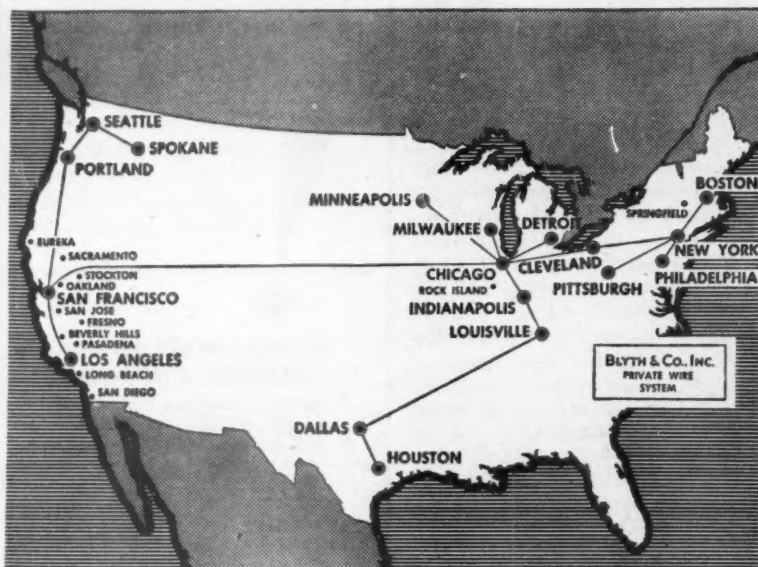
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shares of the new stock at \$11.50; and they had an option on the other 600,000 shares at \$11.60 until Feb. 9.

• **Fourth Instalment**—The new issue went on sale Feb. 4, and the underwriters now took over stabilizing operations. Thus propped, the price of the stock on the curb held at 13. But at 1:12 p.m. the underwriters said they were through stabilizing. Thereupon the price sagged quickly, closing at 11 1/2.

What was happening to the sale of the new stock meantime was uncertain. Late in the afternoon Otis' New York office announced the sale of 900,000 shares "to the public at the offering price of \$13 a share." The next afternoon, from Cleveland, Otis' countermanded this communique, saying: "Any statements . . . that all the 900,000 shares . . . offered by the underwriters had been sold are incorrect." By this time the Street hardly knew what was what—except that the new stock apparently was getting mired down.

• **Fifth Instalment**—Amid the confusion, James F. Masterson of Philadelphia, a K.-F. stockholder, on Feb. 9 sued to stop sale of the 1.5-million new shares. His plea: The new shares would dilute the equity of prior K.-F. stockholders.

The next day, Otis and First California announced that "the whole deal is off (BW—Feb. 14 '48, p. 90). Their purchase contract specified that "no suits [be] pending . . . against the company" while the purchase was in progress—or up to 10 a.m. on Feb. 9.

Sharp observers asked: Was Masterson's suit filed before 10 a.m.? Masterson's lawyer says it was filed at 9:20. The court clerk didn't throw much light on the situation; he said no time record has been kept in his court since the clock broke down four years ago.

• **Sixth Instalment**—Kaiser-Frazer's answer to Otis' withdrawal and Masterson's suit was a suit of its own. Filed



INDIVIDUALIST: James F. Masterson, Philadelphia lawyer, says his suit against Kaiser-Frazer Corp. was strictly his own idea.



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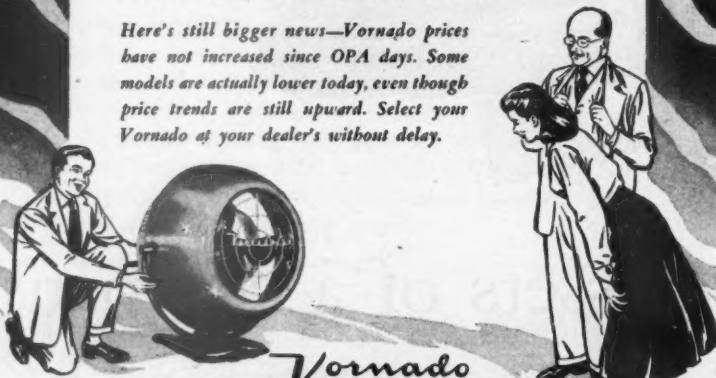
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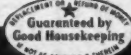
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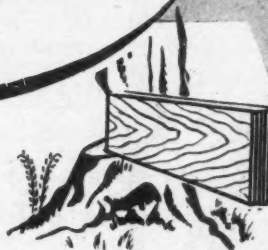


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on Monday of this week, it charged:

- That Otis had "inspired" Masters' suit.
- That Otis should pay \$3,881,250 for breach of contract to buy 337,500 shares of K-F. common at \$11.50 a share.
- That Otis pay another \$3,881,250 for damages—because Otis allegedly induced First California to terminate its contract.

Otis now explained its withdrawal. K-F., said Otis, "was unable to comply with a number of important conditions of their contract with us. . . ." Otis said it had urged K-F. directors to buy back from K-F. itself the 186,200 shares involved in market stabilization on Feb. 3. Refusal of the directors, Otis said, was one of the "compelling factors" that caused withdrawal.

In Philadelphia, meantime, Master-son denied that Otis had inspired his suit so it could duck out of the K-F. deal. True, said Masterson, he had at one time served as counsel for Otis. But this suit was "entirely my own, with no outside influence whatsoever."

There the situation stands—a monument, in a sense, to the grave where lies today's stock market.

But what now of K-F.'s future?

• **Outlook**—As far as can be seen now, K-F. has more than enough cash to meet coming fixed requirements. It started the year with some \$18-million in cash. It spent about \$2.5-million to stabilize the market on Feb. 3. It has spent on new fixed assets an estimated \$3.5-million to \$5.5-million since the first of the year. That still leaves a comfortable cushion.

• **New Money?**—But what about the expansion that was to be financed by the new stock issue? There are at least two ways in which K-F. might get the needed funds:

(1) It might negotiate a large bank credit. Only a few months ago it paid off the last of a \$12-million loan from the Bank of America. Reinstatement of this line of credit, or a similar deal with another bank, is a possibility.

(2) It might offer the new stock again. This is thought unlikely—at least for a while—because of the poor market the Otis offering uncovered. But there are rumors that other underwriters might take up the issue.

## BANK OPINION POLL

The Philadelphia Saving Fund Society has turned up some tips on public relations that it feels will interest other promotion-minded banks.

To get its tips, the society took a step rather unusual for a bank: It had Gray & Rogers, Philadelphia advertising agency, do some opinion sampling for it. Last week the agency published the results.

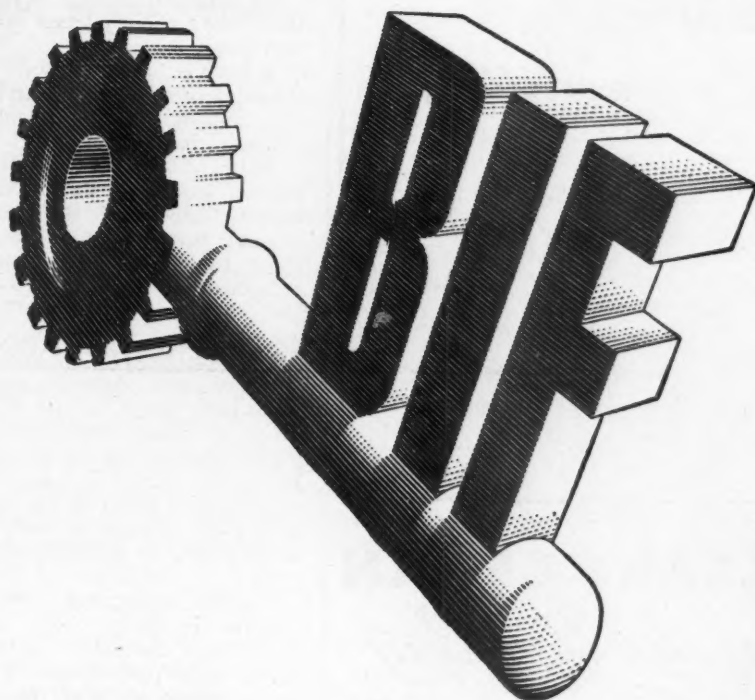
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and convenient location are still what a depositor looks for first in choosing a bank. But courtesy and service trail these two prime considerations closely.

Gray & Rogers also found out that on the whole, depositors:

- (1) Want the bank to give them clean, crisp bills;
- (2) Like bank personnel who can help them fill in difficult forms;
- (3) Don't care to pay 10¢ to have a check cashed;
- (4) Like to fill in their own deposit slips;
- (5) Dislike standing in line because there aren't enough tellers during the rush hours.

According to the survey, 37% of the depositors interviewed prefer to do their banking on Friday nights. Only a handful bank by mail.

Another finding: Banks have an educational job to do among their customers. Only some 30% of the savings account holders, for instance, knew about banks' salary-savings plans for individuals.

### SOMETHING NEW ADDED

Stockholders haven't complained much lately about the size of the dividends they have been getting. The amount has been going up. But after looking over the 1947 figures, they may complain that they aren't getting as big a share of a company's yearly earnings as they used to get (BW—Feb. 14/48, p95).

Cudahy Packing Co., Chicago, has followed the trend on this. Last year, its common shareholders received only 18.8% of all profits available for such disbursements. In 1936, they got over 94% in dividends. Away back in 1929, dividends absorbed almost 97%. Reason: In those days, business didn't have to salt away so much of its profits for working capital.

But Cudahy is making up to its stockholders—and acquainting them with a couple of the company's products. This week it shipped an "extra" dividend—a surprise. Every stockholder gets a can of Cudahy's Old Dutch Cleanser and a pound carton of its Delrich margarine.

### WALL STREET UNION SHOP?

The United Financial Employees (AFL) now has the right to bargain with the New York Stock Exchange for a union shop. This week the National Labor Relations Board said that members of the union working for the Big Board voted overwhelmingly in favor of such a move in an election held Jan. 20. Of the employees eligible to vote, 691 favored a union shop; only 67 were against it and 100 refrained from casting ballots. Two of the ballots were thrown out.

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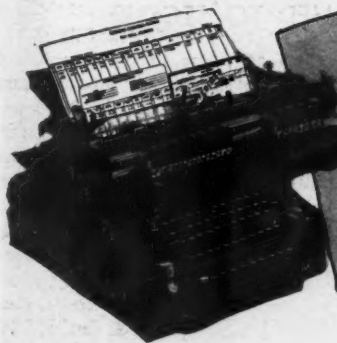
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## Pension Pool

**Michigan Bankers' Assn. and Detroit Trust Co. have a new retirement fund plan for small banks' employees.**

Company pension plans cost money. By one means or another, big firms can usually manage to swing them. But smaller businesses—particularly small banks—find them a little too rich for their blood.

• **Helping Hand**—Last week the Michigan Bankers' Assn. offered its 400 member banks a helping hand on this problem: It set up a new Employees' Retirement Plan.

The Detroit Trust Co., which is handling the plan, will set up one primary trust fund as a pool for all contributions. It will also take care of all the paper work necessary. This means that small banks throughout the state will be able for the first time to offer retirement benefits to their employees—thanks to lower administrative costs and the other advantages of a large trust fund.

The plan will go into operation early in 1949. The association thinks that about 150 banks will get into it.

• **Gradual Spread**—The idea of pooling bank pension plans is not new, of course. It got its first big push on the West Coast back in the middle 1930's. Since then, more and more banks have taken to the idea. For the gradual spread of industrial pension plans has put a greater squeeze than ever on small banks. They have had to scabble harder to hold their small staffs together and attract replacements. As a result, there are now about a dozen state bankers associations offering such plans through banks or insurance companies.

• **New Twist**—The Michigan Bankers' Assn. has added a new twist: Its retirement benefit plan is based on a profit-sharing principle.

Under the usual pension pool plan, the member company contributes a specified percentage of its employees' wages to the trust fund each year. Under the Detroit Trust plan, the member banks allocate instead a percentage of their annual income.

The program is a retirement plan, not a fixed pension plan. The employees are not promised that a specific amount will be waiting for them when they retire, but simply what has built up through the system of allocation.

• **How It Works**—On the basis of data supplied by the member bank, Detroit Trust projects a graph for each employee, it shows the years until retirement, and the total salary. It's up to the member bank to decide what percentage of its annual income it wants

to put into the plan. The association figures that in most cases this will probably come close to 15% of the total wages of the employees who qualify for pensions—the maximum percentage which the federal government allows for tax exemption.

However, the member bank can get tax exemption up to 30% in good years to make up for lean years when it could contribute nothing.

• **Point System**—The individual banks also decide how they will score their employees. They can, for example, give one point for each year's service and one for each \$100 of basic salary. From this point system, a bank can figure out just how big a slice of its total annual pension fund will be earmarked for each employee.

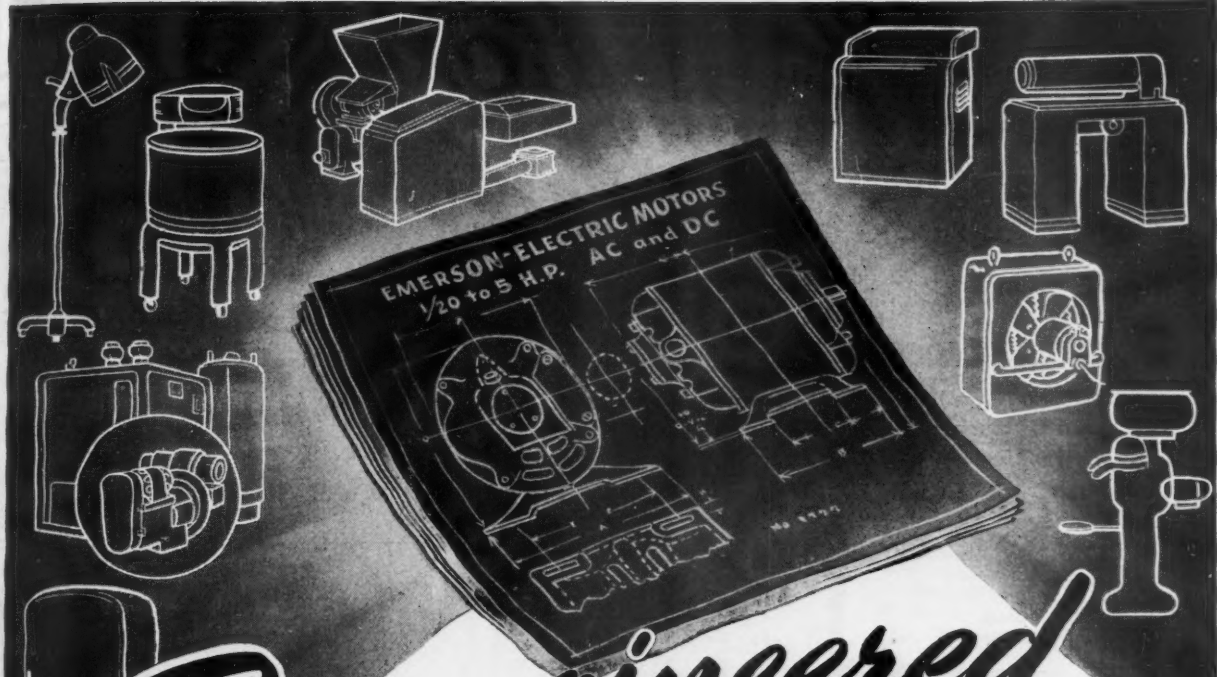
Detroit Trust's fees will vary according to the number of banks which come into the plan. It has, however, fixed a basic minimum fee of \$50 a year for banks employing up to five people. Each additional group of five will cost \$25 more.

• **Other Possibilities**—News of the plan has already flooded Detroit Trust with queries from aircraft firms, automobile dealers, and other industries. And Detroit Trust thinks that its plan is so flexible that it can be adapted to any industry with only a little retooling.



## NAMED TO SEC

A Truman appointee to the Securities & Exchange Commission was up for Senate approval this week. He is Paul R. Rowen, Boston regional administrator for the commission. Rowen, 48, is a native Bostonian, a graduate of Georgetown University and Boston University Law School. He did a stint as assistant district attorney for his home town in 1932, joined SEC's legal staff in 1936. If approved, he will fill the seat that was left vacant when former SEC chairman James J. Caffrey resigned Jan. 1, 1948.



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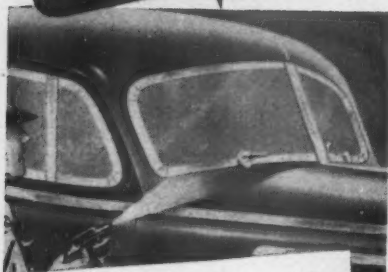
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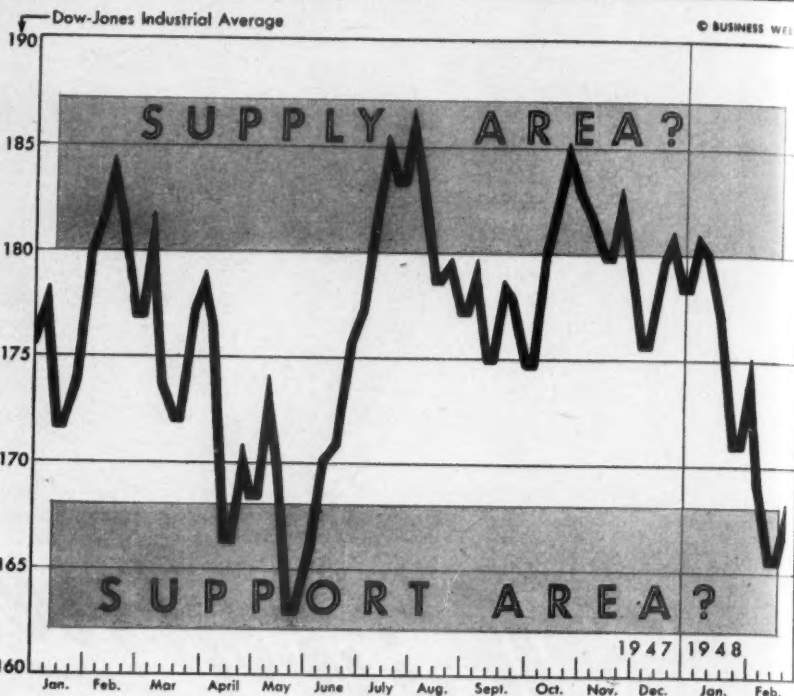


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## THE MARKETS



## Stocks Test Resistance Point

Recent drop puts Dow-Jones industrial average within three points of 1946 low. If it breaks through you can expect a major bear market. This week's rally didn't mean much.

The stock market seemed to feel a little better about things this week. But its real test is still ahead. Wall Street hasn't made up its mind yet whether the tumble in commodity prices is good news for business or bad news.

• **Close to the Low**—The break in stock prices accompanying the second wave of liquidation in the commodity markets brought the Dow-Jones industrials down to 165.65. At this level, they stood less than three points above

the old bear market low of 163.12, established back in 1946.

After the sharp break, there was a rally of sorts. But it had all the earmarks of a purely technical adjustment. Gains were small. There wasn't enough volume to put in your eye. And comparatively few stocks participated. Even the most vociferous bulls took little comfort from the doings.

• **Tipoff**—Wall Street's experts are pretty well agreed that the market now is preparing to make a real test of the old bear market lows. When that comes, traders and businessmen can look for the first real tipoff on market behavior in coming months.

The 163 mark on the Dow-Jones industrials is a firmly established downside resistance point. The market tested it again and again in 1946 and 1947. Each time it held. And after each test, stocks rebounded in a sharp rally.

If the industrial average should go through 163 this time, it would be giving an unequivocal bear signal, not only for stocks but for business as a whole.

• **Then What?**—Below the 163 level, there is nothing that could be called a

### Security Price Averages

	This Week	Month Ago	Year Ago
<b>Stocks</b>			
Industrial	137.7	136.0	144.3
Railroad	41.7	40.8	42.5
Utility	65.1	65.3	68.7
<b>Bonds</b>			
Industrial	119.1	119.3	119.1
Railroad	103.5	104.3	104.7
Utility	114.0	114.2	113.6

Data: Standard & Poor's Corp.



resistance point short of 150 or thereabouts. If the averages should break through 163, of course, chart readers would get busy plotting their triangles and come up with half a dozen new "critical areas." But none of them would have the significance that the 163 mark now has. In other words, if the industrials break 163, we will be in

an active bear market with no definite bottom in sight.

On the other hand, if the support level holds, the outlook will take a fairly bullish twist. The stage would be set for a healthy rally—perhaps even for a test of the upside resistance point (186 on the Dow-Jones industrials) that has held for the past year and a half.

## Bear Markets: Their Life—and Damage

Wall Street hates bear markets. While one is in progress you can always find some bulls talking it down on what seems the flimsiest evidence. One school will deny that there is any bear market at all. Another tries to prove that it has given way months ago to a brand-new bull market which will be even more spectacular than the last.

But that's understandable. A bear market almost always brings on the kind of "hard times" which the Street is now beginning to feel. Lean days come once the early flood of selling orders—which the bear

market touched off in the first place—has been executed. And it always takes some time after a new bull market "officially" gets under way before the financial district really starts to make commission money again.

How long do bear markets last? How damaging are they? There is no simple answer. Some have been very long and very costly; others have been relatively short with no shocking price damage. A study of the bear markets over the last 49 years shows that there's no sure yardstick:

Industrials						Railroads					
Dow-Jones		Loss		Weeks		Dow-Jones		Loss		Weeks	
Index		Points	%	Last		Index		Points	%	Last	
April 1899	76.04					April 1899	87.04				
to						to					
June 1900	53.68	22.36	29.4	64		June 1900	72.99	14.05	16.1	64	
Sept. 1902	67.77					Sept. 1902	129.36				
to						to					
Nov. 1903	42.15	25.62	37.8	59		Sept. 1903	88.80	40.56	31.4	55	
Jan. 1906	103.00					Jan. 1906	138.36				
to						to					
Nov. 1907	53.00	50.00	48.5	95		Nov. 1907	81.41	56.95	41.2	95	
Nov. 1909	100.53					Aug. 1909	134.46				
to						to					
July 1910	73.62	26.91	26.8	36		July 1910	105.59	28.87	21.5	49	
Sept. 1912	94.15					Oct. 1912	124.35				
to						to					
Dec. 1914	53.17	40.98	43.5	116		Dec. 1914	87.40	36.95	29.7	116	
Nov. 1916	110.15					Oct. 1916	112.28				
to						to					
Dec. 1917	65.95	44.20	40.1	56		Dec. 1917	70.75	41.53	37.0	63	
Nov. 1919	119.62					Oct. 1919	82.48				
to						to					
Aug. 1921	63.90	55.72	46.6	94		June 1921	65.52	16.96	20.6	89	
Oct. 1922	103.43					Sept. 1922	93.99				
to						to					
July 1923	86.91	16.52	16.0	41		Aug. 1923	76.78	17.21	18.3	47	
Sept. 1929	381.17					Sept. 1929	189.11				
to						to					
July 1932	41.22	339.95	89.2	149		July 1932	13.23	175.88	93.3	149	
Mar. 1937	194.40					Mar. 1937	64.46				
to						to					
Mar. 1938	98.95	95.45	49.1	55		Mar. 1938	19.00	45.46	70.5	54	
Nov. 1938	158.41					Jan. 1939	34.33				
to						to					
April 1939	121.44	36.97	23.3	21		April 1939	24.14	10.19	29.8	13	
Sept. 1939	155.92					Sept. 1939	35.90				
to						to					
April 1942	92.92	63.00	40.4	137		June 1942	23.31	12.59	35.1	140	
May 1946	212.50					June 1946	68.31				
to						to					
?	*166.33	*46.17	*21.7	*89		?	*48.35	*19.96	*29.2	*87	

\*As of Feb. 13, 1948.

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# LABOR

## Slowdown for Wage Talks

Management and labor leaders hedge on wage demands as business outlook clouds up. Westinghouse and U.E. call off talks temporarily. New contract demands full of "ifs."

Management's big concern this week continues to be the foggy business outlook. Because of the commodity price break, problems of product pricing, sales trends, and production requirements are plentiful. Policies outlined a few weeks ago have become, almost overnight, open to question. One quick result: Wage negotiations under way have slowed to a crawl.

Most important of the going contract talks—between Westinghouse Electric Corp. and C.I.O.'s United Electrical Workers—went into recess until Mar. 1. There were delays in other negotiations, too. In most cases, unions had no objections. Labor leaders, as well as business executives, wanted to see where the economy was headed (BW—Feb. 14 '48, p19).

• **Vague Pattern**—So far, most of the major unions have kept their wage demands flexible. Most have set an opening figure of about 30¢ an hour. U.E.'s 1948 objective—to recover "as much as possible" of its claimed loss of \$13.03 a week in real wages since Jan. 1, 1945—adds up to slightly more than 30¢ an hour. Other unions are reaching for a similar total (BW—Feb. 14 '48, p108)—but only to get bargaining started.

This week, the C.I.O. United Auto Workers' demand appeared to follow no set line. U.A.W.'s Chrysler locals voted to ask Chrysler Corp. for a 30¢ increase in hourly wages—plus social security benefits of 5¢ an hour.

• In Pittsburgh, the United Steelworkers of America (C.I.O.) mapped plans this week for Apr. 1 wage demands on major steel producers. Union policy-makers said that price declines—so far as they have gone—won't make any difference in their demand for a "substantial wage increase." Their reasoning: Nobody can tell at this time whether price declines will stick, or whether living costs will resume what has been a steady climb.

• **Open Door**—This attitude—and it's commonly held in top union offices—has led to a little hedging. Most unions have linked their demands to living costs and other fluid economic factors.

That hasn't been accidental. Labor's leaders want to keep an exit open. They wouldn't press a major wage demand in a growing business instability. They are

preparing a way out by putting the "ifs" into their initial contract demands.

• **Profits Factor**—Obviously, no one is going to withdraw wage-raise demands. Labor has pegged its campaign for third-round raises secondarily to healthy corporate profits (page 23). The union position: Management has been thriving at the expense of the wage-earner; management profits have contributed importantly to inflation. You will see this blossom into labor's primary argument for a raise if living costs drop.

So unions will be at the bargaining table for pay hikes—big or small. But they still haven't fixed on their settling price. Before they decide that, the union chiefs will have to decide whether economic uncertainties have hurt their bargaining position.

Most recent settlements reported have averaged just under 15¢ an hour. However, either they have not been in pattern-setting industries, or they have come as "down payments" on raises that the big unions get later. They are significant mainly of the way in which management and unions are now thinking.

• **No Brass Tacks**—The postponement of talks between Westinghouse and

### PRE-PATTERN RAISES

What is the range of raises in current wage settlements that don't get widely publicized?

The DM Digest, fortnightly publication of the gist of the labor press, reported this week: 100 representative union newspapers referred to 269 wage cases during January. These papers make up a sample of A.F.L., C.I.O., and independent union organs from coast to coast.

Of the 269 wage cases, 214 were settled during the month and 55 were left pending. The average of wage boosts in settlements reported was 14.38¢ per hour. They ranged from a low of 2¢ to a high of 37½¢.



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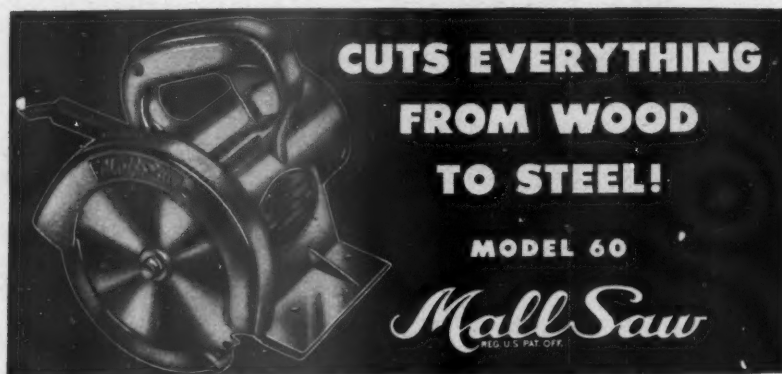
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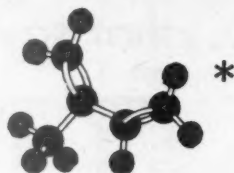
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U. E. pointed up the uncertainty clouding most current wage talks.

Westinghouse and U.E. agreed on a two-week recess to give both parties a chance to study their lineup in the light of the changing economic pattern. There had been no serious bargaining; discussions had been between lower-level management and union representatives. The men who will make the contract decisions hadn't been called in.

U.E. submitted only general demands (BW-Jan.10'48,p90). It left open the big question—how much more pay the union really wants. The amount, said U.E., depends on two things (1) what happens to living costs in the next few weeks; and (2) what happens to Westinghouse's "ability to pay."

• **Waiting**—The Westinghouse contract is due to expire Mar. 31. But both sides have agreed to waive their right to terminate the pact this year. This way, they have eased the pressure of deadline bargaining. Company and union can now time negotiations to coincide with contract talks of General Electric and General Motors; they can stay on the sideline while some one else sets the 1948 pay-boost pattern.

The agreement not to terminate the present contract now doesn't bar a strike later. The union would still be free to quit jobs at any time after Apr. 1 if bargaining deadlocked.

**NEW T-H ANGLE**

Another new angle to the non-Communist affidavit issue brought on by the Taft-Hartley act has come up. This week the National Labor Relations Board ruled: Members of a union that hasn't complied with the T-H law can vote the union out of its right to represent them.

Previously NLRB had barred a poll to "decertify" such a union when an employer sought that poll. It had ruled that since the union involved had not qualified under the T-H law—by failing to have its officers file non-Communist affidavits—its name could not appear on a ballot in a representation case.

But, said NLRB, this rule should not bar workers from taking representation rights away from a noncomplying union if they want to. So the board approved a petition from an employee of the Harris Foundry & Machine Co., in Cordele, Ga., for a decertification poll. The union in the case is the United Steelworkers of America (C.I.O.), a right-wing group which hasn't yet complied with the non-Communist affidavit requirement.

But NLRB added that it will not certify a noncomplying union as collective bargaining agent even if a majority of employees vote for it in a decertification election. The board will only certify the arithmetical results of such an election.

# How to arrive at the right conclusion!

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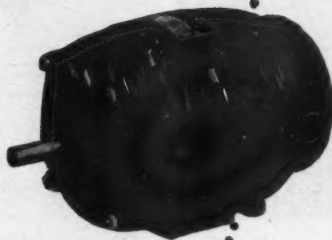
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## Company Loses

Strike vote asked by Murray Corp. boomerangs as employees back U.A.W. leaders; leaves union holding top cards.

This week the State of Michigan certified the fact that employees of Murray Corp. of America had voted to strike, 4,555 to 724.

• **Flashback**—The vote recalled an incident of almost exactly one year ago. Sen. Robert A. Taft and Harold Stassen, whose differing views today are making political headlines, then faced each other at a session of the Senate Labor Committee. Taft was—and is—head of that committee. Stassen had come to urge inclusion of some of his ideas in what was to become the Taft-Hartley act. Stassen's chief point: Employees should be required to take a secret vote on whether to strike if a period of union-management negotiation ended in deadlock.

Taft was not enthusiastic. He called the idea "trivial." He told Stassen he thought that "the men are more radical than their leaders in most cases." Stassen disagreed sharply. (Neither referred to the wartime Connally-Smith act, which required government-conducted prestrike votes. Experience with it had annoyed employers beyond the "trivial"

### STATE OF MICHIGAN LABOR MEDIATION BOARD OFFICIAL BALLOT

THE MURRAY CORPORATION OF AMERICA  
(Detroit and Escanaba Plants)

1. This is a SECRET ballot. Do NOT SIGN your name.
2. MARK an "X" in ONE SQUARE ONLY.
3. If you spoil your ballot, return it to the State Mediation Board's Agent and obtain a new one.
4. Fold your ballot to conceal the "X" you have made and deposit it personally in the ballot box.

#### ISSUE INVOLVED:

DO YOU WANT TO AUTHORIZE A STRIKE, UNDER THE PROVISIONS OF THE MICHIGAN STATE LABOR MEDIATION ACT, IN AN ATTEMPT TO COMPEL THE REINSTATEMENT OF STEWARD PRINCE CLARK AND STEWARD JOHN WALENGA, WHO WERE DISCHARGED?

YES

NO

☐
☐

#### COMPANY'S LAST OFFER:

The Company, in their latest proposal, made during joint negotiations, made alternate offers which are as follows:

- (1) WALENGA IS TO REMAIN DISCHARGED.
- (2) THE STEWARD PRINCE CLARK CASE BE SUBMITTED TO AN IMPARTIAL UMPIRE TO BE AGREED UPON BY THE PARTIES TO DETERMINE
  - (a) THE QUESTION OF WHETHER OR NOT DISPOSITION OF GRIEVANCE IS FINAL AND BINDING UNDER THE CONTRACT.
  - (b) IF NOT FINAL, WHETHER CLARK IS OUILTY OF ACTS IN VIOLATION OF THE CONTRACT, IN CONNECTION WITH THE UNAUTHORIZED STRIKE, IN THE SHIPPING DEPARTMENT.
- (3) THE ALTERNATE PROPOSAL IS AS FOLLOWS:
 

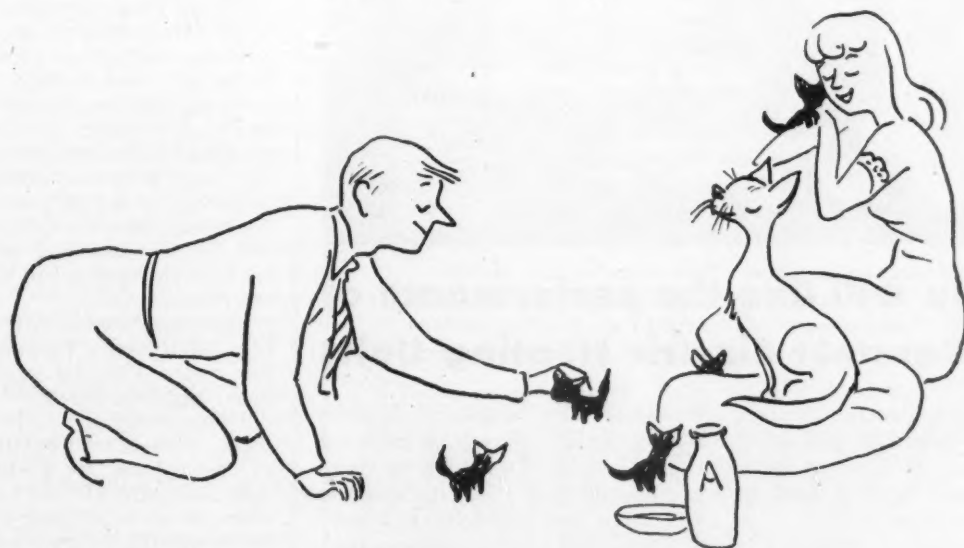
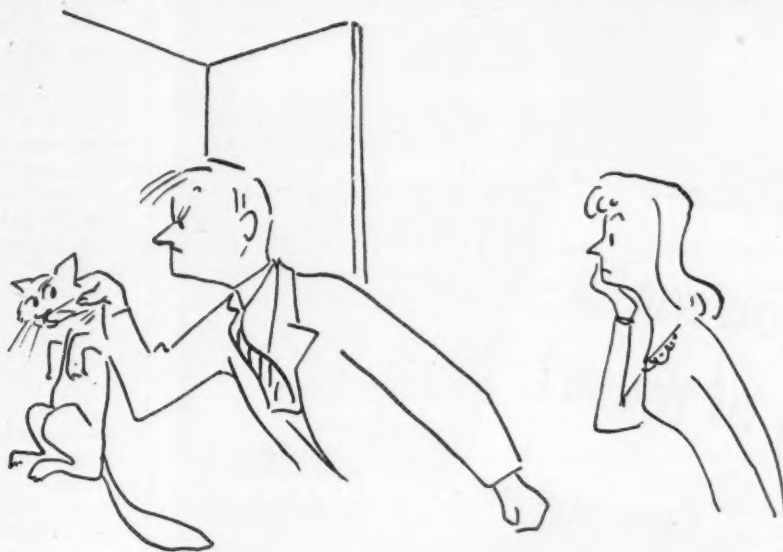
— TO AGREE TO A PERMANENT UMPIRE PROCEDURE LIKE THAT PROVIDED IN THE GENERAL MOTORS UAW-CIO CONTRACT UNDER WHICH AN IMPARTIAL INDUSTRIAL UMPIRE WILL DECIDE BOTH THE CLARK AND WALENGA CASES AND ALL FUTURE CASES. THE DECISION OF THE UMPIRE SHALL BE FINAL AND BINDING UPON BOTH PARTIES AND THERE SHALL BE NO STRIKES OVER SUCH DISPUTES.

This is a secret ballot and MUST NOT be signed.

SOMETHING NEW: secret strike ballot on an employer's proposition



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dimension. Unions used it as a new and important pressure opportunity (BW-Sep.11'43,p108).

Taft's indifference to what Stassen strongly urged resulted in Sec. 209 (B) of the new law. This requires a secret strike ballot—though only in disputes which might "imperil the national health or safety." That section of the T-H law has not yet been invoked.

• **Present Case**—Michigan's new Bonine-Tripp Act has a mandatory-strike-vote provision, too—though more inclusive than the federal statute's. The Murray Corp. ballot last week—a poll of 5,716 employees—was its first major application. Significantly, it was the employer who requested it.

The company called on the Michigan State Labor Mediation Board to take the vote after three months of fruitless negotiations. Point of dispute was the discharge of two stewards of the United Auto Workers (C.I.O.).

The stewards were accused of fomenting two unrelated wildcat strikes that occurred at the plant last fall. Negotiations worked up through the grievance procedure to a dead end in disagreement. The state board moved into the picture, but made no headway.

Murray Corp. negotiators obviously believed that their workers were not concerned enough over the discharges to vote a strike on their account. A no-strike vote would have eliminated the issue altogether.

• **Arbitration Trouble**—Behind the Murray Corp. move was another factor: a long-standing dispute over arbitration. Up to last summer's contract, U.A.W. and the company had an arbitration clause as the endpoint of the grievance procedure.

The union contract negotiators had been elected on a platform of killing this clause. They did so in the subsequent negotiations.

Before asking the strike vote, Murray Corp. made a last two-pronged offer: (1) to continue the discharge of one man and arbitrate the case of the other; or (2) to reinstate arbitration in the bargaining contract and initiate it with the two cases.

• **Strike Vote**—The U.A.W. bargainers were willing to arbitrate the discharges; they refused to consider reinstatement of the clause. At this point the Murray people called for the strike ballot.

To build up a "no" vote, Murray Corp. wrote a series of explanatory letters to its workers. The union countered with notices of its own. Then the pro-strike vote ran away with the election.

• **Outlook**—Despite the vote, expectations are that no walkout will take place. Further negotiations are looked for.

But the fact that the rank-and-file members of a union will almost always move to back up their officials in negotiations appeared again confirmed.

## Double Play

C.I.O. left bolts national policies on Wallace, ERP in unions where it's safe; evades issue in councils.

The 1948 political strategy of C.I.O.'s left-wing leaders began to take definite shape this week.

IN INTERNATIONAL UNIONS under their control, the leftists will continue to support Henry Wallace and oppose the Marshall Plan.

IN STATE COUNCILS, where they're more vulnerable, the left-wingers will plug for a "hands-off" policy on both issues.

• **Leftists Bolt**—As expected, the leftists' policy line was set at the recent Farm Equipment & Metal Workers Union convention in Chicago (BW—Jan. 31'48, p70). F.E.W. bolted the C.I.O. program on the Wallace and Marshall Plan issues. The attack on the European Recovery Program, launched by president Grant W. Oakes, was merciless.

• **Oakes Wins**—Despite some opposition, Oakes' stand on ERP and Wallace won by heavy majorities. So did a proposal that F.E.W. stand firm in its decision not to comply with the T-H law. And some 300 delegates, claiming they represent 75,000 workers, were just about unanimous on one hot issue: They pledged an all-out, "bare knuckles" fight on "any vultures from another C.I.O. union" who try to raid F.E.W. plants. (Walter Reuther's auto workers union—which also has organized agricultural implements plants—has shown a lively interest in F.E.W.'s field.)

The leftists can go as far as they want to—or members will permit—in deviating from C.I.O. policy in their internationals.

• **State Councils**—It's a different story in the state councils.

The C.I.O.'s 1946 convention made it mandatory for state and local councils to follow C.I.O. policy (BW—Nov. 30'46, p79). And reputedly Philip Murray won't hesitate to oust leftists who refuse to come along.

Harry Bridges has been mentioned as one who might be knicked by Murray's axe.

• **Soft Answer**—Last week end Bridges carefully avoided rousing Murray's Scotch temper. He dodged the third party and Marshall Plan issues at a California council board meeting. Instead, Bridges led the left in a successful fight to sidetrack "disputed issues"—and to confine state council action to intrastate matters on which there is "universal" agreement.

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Probably not... unless you've had an appraisal made lately.

Yet, it's important to weigh and record these values periodically (1) so that you will know what is adequate insurance protection for your machinery investment and (2) so that you will have the information, in the event of a disaster, to present in support of a claim. Such information is required by all insurance companies. Look at your policy!

The Hartford has just produced a machinery inventory form which helps you to develop *actual cash values*. This booklet, entitled "Your Machinery and its Actual Cash Value," shows how to estimate your machinery dollars correctly for insurance purposes.

"Book" values are not actual cash values!

Charging off a fixed percentage (based on the supposed useful life of a machine) to depreciation year after year... will not show the machine's *actual cash value*. *Actual cash value* may be estimated by determining the replacement cost of the identical model, installed today... minus a percentage of depreciation due to condition and obsolescence.

In most cases, the *actual cash value* of a machine is considerably higher than its "book" value. That's why, to avoid underinsurance... and perhaps a large financial setback, it's vitally important to insure your *actual cash values*.

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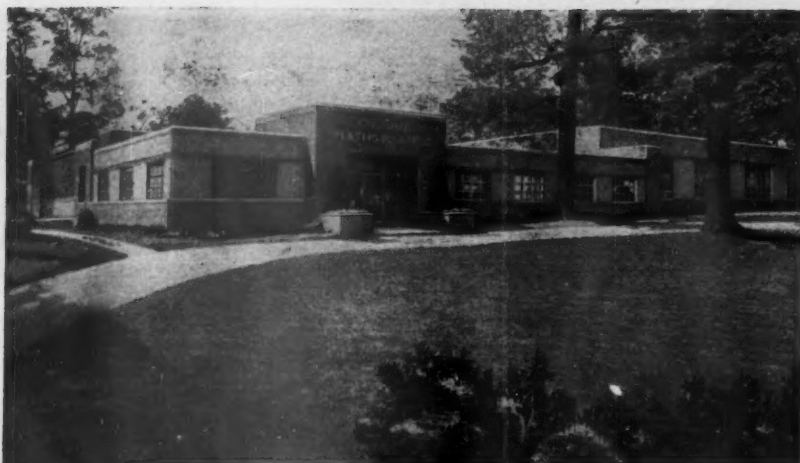
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## A.F.L. GIVES KEENAN NOD

When A.F.L. opens offices for its new political arm in Washington Mar. 1, a veteran craft-union leader will be in charge. He is Joseph D. Keenan (above), secretary of the Chicago Federation of Labor and for 35 years a member of the A.F.L. electrical workers union.

Keenan was named assistant director of Labor's League for Political Education after A.F.L. dropped plans to hire former Sen. Burton K. Wheeler as L.L.P.E. director (BW—Feb. 7 '48, p98). Keenan's assignment: to transform plans on paper into a functioning political body.

## 14,000 Polls

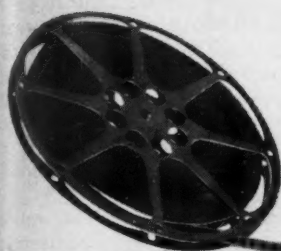
That's how many NLRB will hold in its biggest job yet—applying the T-H act to the building trades unions.

The National Labor Relations Board this week faced up to the biggest job in its 13-year history: squaring the contracts which cover the nation's sprawling construction industry with the Taft-Hartley act.

NLRB has to hold 14,000 union-shop polls affecting 2.5-million carpenters, teamsters, bricklayers, plumbers, electricians, and other building tradesmen within the next few months. The size and scope of the job have the board's personnel and budget division staggering.

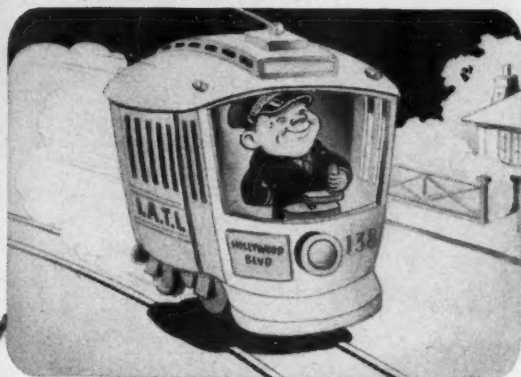
• **Specific Coverage**—Under the old Wagner act, NLRB gave the building trades a wide berth. That law left the whole question of its application to construction to the board's discretion. But the T-H law was written so that it specifically covers the industry.

If the building trades unions are going to retain union security provisions,



**WHAT WON'T  
THEY DO  
NEXT WITH**

*Business Films!*

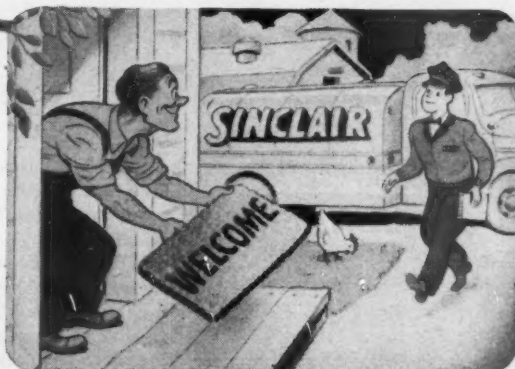


**PROUD OF THEIR JOBS** and able to serve the public efficiently, safely, and courteously are employees of *Los Angeles Transit Lines* since a motion picture indoctrination and training program was begun. Employee relations are better, labor turnover is less. Proud of their excellent films, company officials wanted them presented at their best. . . . and so chose Filmosound projectors.

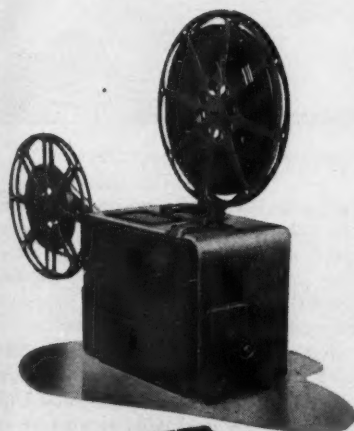


**RETAILER ATTRACTS PATRONAGE** by entertaining children while mothers shop in peace. *Hobby Horse Store*, Beverly Hills, Calif., turns this neat business-building trick in an 80-seat "little theater." Juniors joyously watch movies and decide mothers must shop here again soon. Dependable, top-quality reproduction of pictures and sound is assured by a Filmosound projector.

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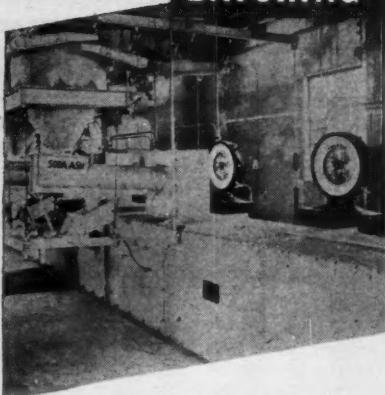
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# TOLEDO

**HEADQUARTERS FOR SCALES**

they will have to win the right to do so in elections, just like any union in manufacturing. Even so, the best they can do for themselves is to change their prevailing closed-shop arrangements into union shops, the maximum protection permitted by the T-H law.

Here are the two major problems in the building trades:

**Jurisdictional Disputes**—The unions in A.F.L.'s Building & Construction Trades Dept. (19 of them) have jealously guarded divisions of work. The result has been a long series of jurisdictional disputes, many of which have tied up construction projects. NLRB made clear that it didn't want to intervene but that it would do so if unions didn't work out a solution.

The outcome: an arbitration plan, first broached last December (BW-Dec.13'47,p16) and now ratified by contractors. It's expected to get the building unions' approval at a meeting in Washington Mar. 8.

**Union Security**—The T-H law bars closed-shop contracts, provides that union-shop clauses are legal only if voted by workers in NLRB polls. But



## TYPISTS WANTED

Varitypists like this young woman can find jobs aplenty in New York, Detroit, and several other big cities this week. So can other highly skilled typists. They are being recruited by classified ads for "interesting temporary experimental" projects.

Here's what lies behind the ads: Newspaper publishers are girding for showdowns with the International Typographical Union (A.F.L.). New York City newspaper contracts with I.T.U. end Mar. 31. There are deadlines in other cities, too, that might lead to strikes such as the one still going on in Chicago. There publishers are fighting the strike tooth-and-nail by makeshift publishing techniques (BW-Dec.6'47,p114).

UNIVERSITY OF MICHIGAN LIBRARIES



Don't let over-crowded platform space  
catch you with your  
**"TAIL-GATES" DOWN!**



*Your Traffic Manager and Architect Can Help You Analyze and  
Plan For Adequate Loading Facilities To Save You Money!*

Management of many plants is spending thousands of dollars on new machine tools—product re-design—modern engineering.

Yet many are overlooking, or ignoring, that basic "tool" of manufacturing . . . *shipping and receiving facilities*. Thus the traffic managers are left to face the problem of efficiently expediting goods with inadequate shipping platforms, that were actually out-dated even *before the war!*

And what is the result? Their shipping costs are rising out of proportion to production costs. The inefficiency of over-crowded shipping facilities is eating into the economies of new tools, new manufacturing methods.

Their competitive position is being seriously affected.

**Remodeling May Be The Answer**

Nine times out of ten, a minor remodeling job is the answer. How about your plant? Consult your traffic manager, your architect. Make a thorough study of your shipping facilities. Consider future plant expansion.

Adequate platforms, room to move around . . . increase truck efficiency. Remodeling now will soon amortize your cost because of the drastic savings you'll make, both in **TIME** and **MONEY!**



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AMERICAN TRUCKING ASSOCIATION, WASHINGTON & D. C.

**GOODS CAN'T MOVE FASTER THAN THEY'RE LOADED!**

## Industries Served by **TAFT-PEIRCE:**

& Clothing Industry



### The "NEW LOOK" is an Old Story since they first took it to TAFT-PEIRCE

SKIRTS WERE FLIRTING THE SIDEWALKS then, in the early '80s, when the Wardwell sewing machine was manufactured in the Taft-Peirce plant. Then T-P undertook the first commercial manufacture of a machine which developed into modern winding equipment. And from then until now, the Contract Division has tooled or produced (or both) such an odd assortment of jobs for the textile and clothing industries as cotton pickers, cotton combers, braiders, button-hole machinery, button-making machines, and a host of other devices right down to special tools for modern hookless fasteners.

Specialists in textile machinery? Far from it. Say rather that the Taft-Peirce Contract Division specializes in any type of product, in any field of industry, where the manufacturer needs experienced engineering talent, or extensive modern toolmaking and production facilities. You can measure the scope of T-P Contract Service—by looking through the book: "Take It To Taft-Peirce." Write for a copy to: The Taft-Peirce Mfg. Co., Woonsocket, R. I.



For Engineering, Tooling, Contract Manufacturing—

**TAKE IT TO TAFT-PEIRCE**

building crafts unions warned they wouldn't agree to working without union security. The problem: How can polls be held for workers who go from job to job?

• **Elections**—Last week NLRB said it had the solution to the problem. Here's how it proposes to hold union-shop elections for about one-sixth of the nation's union members:

It has carved the U.S. into 700 election areas. There is a building trade council in 560 of these; in another 50 to 150 areas there is some other form of joint bargaining by unions.

NLRB plans to get from each contractor in each area an analysis of his payroll, divided into craft groups. The object: a combined list of full-time resident workers in each area, by crafts—with "the itinerant and casual" workers eliminated.

NLRB will consider each list as the appropriate bargaining unit for its area; those on it will be asked to decide whether they want a union-shop clause in their next contract.

• **Union Shop**—Most management, NLRB, and union men are certain that the union shop will get near-unanimous approval. Yet there's no way around the requirement for the cumbersome polls.

The three parties are consoling themselves with this: Union-shop polls aren't necessary every time a new contract is signed.

• **Jurisdiction Disputes**—The plan for settling jurisdictional disputes came out of negotiations between contractors and unions. It establishes an impartial chairman for the industry, who is key man on two joint boards:

**Board of Trustees**—It has four members each from labor and management, responsible for: (1) receiving notices of disputes; (2) determining the issues involved; and (3) deciding whether a previous decision can be applied or whether a new arbitration should be ordered. If the issue is a new one, it is referred to a . . .

**National Joint Board**—This consists of two employer, two union members. They would be chosen from a pool of 24 experts, half from labor, half from management. The board's findings would be accepted as final. Parties in a dispute would be committed against work stoppages or shutdowns whenever the national board took up the case.

Unions and management have agreed to finance the arbitration program jointly. And the A.F.L. Building Trades Dept. will amend its constitution to permit the new arbitration program.

The Pictures—Acme—40, 104, 114; Great Lakes Steel Corp.—21 (top and cen.); Int. News—86; Press Assn.—19, 26, 92.

# INTERNATIONAL OUTLOOK

BUSINESS WEEK

FEBRUARY 21, 1948



Will Moscow play ball with us in Germany? It could be.

After a year of stalemate the Russians are now willing to talk joint currency reform.

The talks are still hush-hush—between the four commanding generals in Berlin. But Washington feels that progress is being made.

About 18 months ago the western powers and the U.S.S.R. agreed to:

- (1) Issue new currency at the rate of one new unit for 10 old ones.
- (2) Launch other financial moves, including a progressive capital levy.

But the reforms never went into effect. East and West split on printing new currency. The western powers wanted the presses under four-power supervision, in Berlin. The Soviets held out for a second printing press in their zone, in Leipzig.

Since then, the Russians and the West have been poles apart on just about every issue in Germany.

Washington figures Moscow's current about-face this way: The Kremlin is afraid the western zones will come back so fast that Germany will be actually, if not formally, partitioned.

True, when Russia set up a new economic administration in its zone last week, it didn't look like cooperation. It looked like a still deeper split with the West. But that's not the way the State Dept. has the move tabbed.

Basically, the new Soviet setup parallels that in Bizonia. And it wouldn't take much to put the two zones into the same harness—if Moscow wants it that way.

The tip-off on Moscow's future course may come from this week's talks on Austria.

The deputy foreign ministers are conferring again in London. They're taking another crack at fixing up an Austrian peace treaty.

The meeting was called after Russia cut its reparations claims against Austria, thus making new talks possible (BW-Feb.7'48,p103).

The Office of International Trade is trying to make its new export controls more palatable.

Starting Mar. 1, when the new controls go into effect, OIT will issue "multiple consignee export licenses" (MCL). What this technical mouthful comes down to is this:

An exporter can ship the same commodity to two or more customers in the same European country under a single license. For example: A U. S. exporter wants to send tractors to three customers in France; by applying for an MCL, he can get a blanket permit.

But MCL can't be used for shipment of commodities officially classified as "scarce." You'll still need separate licenses to export steel products, grains, coal, railway cars, tinsplate, fertilizer, etc.

The State Dept. has given up hope of getting Congress to act this session on a world trade charter.

State doesn't like the idea of waiting till after the November elections. But it sees no alternative.

Latest timetable for a windup of the International Trade Organization conference at Havana is: another week or two to clean up some outstanding



# INTERNATIONAL OUTLOOK (Continued)

## BUSINESS WEEK

FEBRUARY 21, 1948

issues; then two weeks to polish up the charter's technical phraseology. It would be mid-March at least before the charter reached the Hill. And Congress has too much else on its schedule to handle an ITO charter at that late date.

So the Administration will build up steam for extension of the Reciprocal Trade Agreements Act. It must be renewed by June 12 or the legislation lapses.

You can expect this argument from officials and many U. S. foreign traders: Renewal will be the world's only evidence that the U. S. meant business on the ITO charter. Unless the Trade Agreements Act is renewed for at least a year, ITO will fold overnight. Then U. S. trade faces the prospect of worldwide discrimination.

The Schuman government in France is cutting import red tape.

Frenchmen with assets abroad no longer need a license to import whatever foodstuffs, raw materials, and industrial equipment they can get (but no autos or furs).

French exports haven't picked up the way they were supposed to. Despite devaluation of the franc, French luxury goods are still "luxuries" for most U. S. buyers.

Russia's leading composers are in the dog-house for aping western musical standards. That's corruption in the U.S.S.R. nowadays.

Now the purge has extended to the Ministry of Finance.

A. G. Zverev has been demoted to first Vice-Minister of Finance. And 44-year-old A. N. Kosygin is in as Minister. (Kosygin is an alternate member of the Politburo.)

Zverev fell from favor for allowing another kind of corruption. His recent budget (BW-Feb.7'48,p104) told of fraud in Russian industry.

Notes and trends in business abroad:

**Koppers Co.** may soon close a huge deal in India—for a \$300-million steel project. If it goes through, Koppers would be the general contractor for the whole project.

**Lever Bros. & Unilever, Ltd.,** is working on the theory that Africa's natives want soap. So the company is planning to blanket the Dark Continent with soap factories. New plants are going up in Boksburg (Union of South Africa), Dar es Salaam (Tanganyika), Kampala (Uganda), and Cairo. The Boksburg factory will cost about \$4-million. Factory expansions are under way in half a dozen other spots.

**Reynolds Metals Co.** wants to help the Chinese government boost aluminum output in Taiwan (Formosa). Reynolds has a tentative agreement to do the job in partnership with China's National Resources Commission. Next step is to get a loan from the U. S. Export-Import Bank.

**Hollinger Consolidated Gold Mines, Ltd.,** is pushing plans to develop the Quebec-Labrador iron ore deposits. The company has asked for a license to operate an air service (through Hollinger Ungava Transport Ltd.) from Mont Joli on the St. Lawrence River into the ore fields. The service would carry only equipment and personnel of Hollinger and its affiliated U. S. and Canadian companies.

**Marconi Wireless Telegraph Co., Ltd.,** of England is now shipping \$1.2-million worth of wireless equipment to the Chinese government. The equipment will be used on China's international telephone circuits.

# BUSINESS ABROAD

## Canada Hits U. S. Auto Makers

**New rules slash imports of finished cars by 80%, imports of parts by 25%. Purpose: to conserve U. S. dollar exchange. The "Big Three" will fare best, because they operate Canadian branch plants.**

OTTAWA—Canada's auto makers now have their dollar-saving "marching orders." And this big American-controlled industry is trying to figure just how hard the orders issued last week will hit it.

• **Ban Lifted, But—**Under the new setup, imports of U. S. cars are no longer completely banned as they have been for the last three months (BW—Nov. 22 '47, p117); but they will be slashed a good 80% below year-ago levels. And American-owned automobile plants in Canada will have to get along with 25% fewer parts from the U. S.

Last week's orders are the first to be dishied up for hard-goods industries in Canada. But similar treatment is in store for the electric appliance industry and others in which U. S. companies have a big stake. Details may differ, but the pattern will be the same.

• **Quota System—**The essential points in the new automobile program are:

(1) Imports of finished American cars are put on a quota basis. To get his U. S. dollar quota for 1948, the importer multiplies by \$230 the number of units he imported in the 12 months ended Oct. 31, 1947. This means that an importer who, during the base period, brought in 1,000 cars may import only \$230,000 worth of cars during 1948—even though the base-period cars, if they cost \$2,000 each, were worth \$2-million.

(2) Automobile manufacturers in Canada also get a quota of U. S. dollars to cover the cost of American-built parts and accessories. For each car made and sold in Canada in the base period, the manufacturer will now get a \$230 yearly allotment. This is 75% of the average of \$307 worth of American parts now imported to build a car in Canada. For each car made for export in the base-period, he gets the full \$307 quota.

(3) Manufacturers get a "two-for-one" dollar bonus for all cars exported in excess of base-period exports; in other words, they get a \$230 boost per car exported in their total import allotment.

(4) A company that both imports and manufactures can use its parts and finished-car quotas interchangeably.

• **Slash—**The new quota system is expected to cut finished-car imports into Canada 80% to 85% below 1947 levels. Such new-car imports into Canada in

the calendar year 1947 were worth \$69.5-million. So the exchange saving under the new plan (for new-car imports alone) will be over \$50-million.

The plan applies only to U. S.-made passenger cars and light trucks (up to three tons). Buses and heavy trucks will continue to be allowed in only under special permit. British and European cars will be able to enter freely under individual permits.

Fortunately for the Canadian car buyer, offerings of U. S.-built cars won't be slashed at once. Most importers anticipated the complete import ban that was imposed Nov. 17 and stocked up; it's estimated that in the six months before the ban they imported enough cars for 12 to 18 months of "normal" needs. (That boosts their "base" figure, too.)

• **Independents Hit—**U. S. manufacturers who have no Canadian branch plants will be hardest hit by the import quotas. But the "Big Three"—Chrysler, Ford, and General Motors—are major importers as well as Canadian producers.

They will have to decide how they'll cut what they send into Canada by way

of finished units. Ford, for one, has announced that it will discontinue the import of Lincolns. General Motors has been concentrating its Canadian production on Chevrolets and importing Buicks and Cadillacs; so far it has not announced its new policy.

• **Parts Saving—**The dollar-allotment system for parts and accessories may save the Canadian Treasury better than \$25-million in U. S. exchange this year (1947 imports were \$108.5-million). But the system will be a headache for the Big Three. For one thing it will probably force these companies to concentrate on lower-priced cars. Even so, if they want to maintain output, they'll still have to figure ways of increasing their supplies of parts. They may do this by several methods: (1) substitute Canadian-made parts; (2) economize on imported accessories or "gadgets" and produce a more austere Canadian product; (3) earn additional U. S. dollars under the bonus provision by boosting exports.

There's no chance now for U. S. companies to start manufacturing operations in Canada. Unless a company made a "direct" financial commitment prior to Nov. 17, 1947, it's out in the cold. However, both Studebaker and White got in under the line: Studebaker had started converting a large wartime plant at Hamilton, Ont.; White had begun building a large truck plant in Montreal.

• **Major Factor—**The American-built automotive industry is one of the biggest in Canadian manufacturing. It employs about 80,000 workers. Output last year was 165,500 passenger cars and 91,700 trucks and buses. Retail sales in



## The Old and New in British Trains

When the British government took over Britain's railways at a cost of \$4-billion it got a few headaches. One of the biggest: getting overworked, war-weary, rolling stock back up to snuff. Shortages of vital materials made the job tough—as the private

owners knew that it would. Even so the private companies turned over some new pieces of equipment to the new owner. This British-made diesel locomotive standing next to a tried-and-true steam job is one of them.



Canada totaled 223,145 (156,000 were passenger cars), worth \$402-million (Canadian).

The industry is now over 40 years old; between 1917 and 1945, it produced about 4.5-million cars and trucks. Ford started production in Canada in 1904. In 1939, its output was 61,000 units; in 1947, output topped 100,000. General Motors of Canada began as the McLaughlin Motor Car Co. which gained rights in 1907 to manufacture the Buick in Canada. G.M. produced 54,000 units in 1939, about 85,000 cars and trucks in 1947. Chrysler entered the Canadian field in 1925; last year's output was over 60,000.

Three other U. S. companies, International Harvester, Reo, and Hayes Mfg. Co., manufacture trucks in the Dominion. There is also an extensive parts and accessories industry; it, too, has wide U. S. connections.

• **Export Data**—Normally 30% to 35% of Canadian passenger car output is exported, plus 40% to 45% of truck output. Most of the exports go to British Empire markets. The bulk of sales in these markets has been put on a hard-currency basis; that explains why the government is willing to give the two-for-one dollar bonus on all exports.

## BBC TRIES FM

LONDON—The British Broadcasting Corp. will switch one of its three domestic "services" to frequency modulation.

The guinea pig will be the culture-laden Third Program. FM's life-like quality will please the classical-music lovers who patronize the Third. But the change will mean they will eventually have to buy new receivers.

At first, radio manufacturers will sell ordinary receivers with a special switch to cut in FM as an "extra." But to take fullest advantage of FM, special high-fidelity loudspeakers and other instruments are needed. This means new sets costing "a few pounds more."

The first FM transmitters—London's—will be on the air by September.

## INDIA-AUSTRALIA REEFERS

BOMBAY—The British India Steam Navigation Co. is spending \$2.4-million to equip four fast motor vessels as reefers (refrigerator ships). Aim: to revive the lucrative prewar trade in frozen foods between Australia and India.

Each ship will have special holds to handle 1,000 tons of food. This will still leave most of their space free for general cargo.

The demands of Australian shippers for more space led to the move. Before the war, reefers shuttled regularly between Australia and Calcutta, Bombay and Madras. But war losses and conversions took a heavy toll.

# Ceylon's Plans

Newest British Dominion wants to industrialize to cut its reliance on high-cost imports. Six new plants projected.

COLOMBO—This month Ceylon won its political independence by becoming Britain's newest Dominion. But real freedom will come only when Ceylon improves its economic position. And that hinges on industrialization.

• **Program**—Now the Ceylon government is mapping a multimillion-dollar program of mechanization. Its aim is to restore the island's favorable balance of trade—long based on the export of rubber and tea. Although exports of these items shot up during and after the war, they haven't kept step with the soaring costs of imports.

Ceylon plans to set up six major government-owned factories:

**Cement:** At present Ceylon imports all its cement; it hopes by next year to have a plant of its own producing 100,000 tons annually. Native limestone and clay will be used; gypsum imported. The cost: about \$3-million.

**Textiles:** Ceylon imports most of its textile manufactures—\$37-million worth

last year. To cut this item, the government wants to install 100,000 spindles and 2,000 looms over the next five years. The cost: an estimated \$9-million. Imported cotton will be used, but acreage suitable for growing cotton may be developed.

**Paper:** Research in Britain has shown that rice straw and certain types of local grasses can satisfactorily produce all but the highest grades of paper used in Ceylon. And the cost works out to a saving of some \$7 a ton over import prices. To meet the island's paper demands, the government has proposed a 3,000-ton-a-year plant. This will also provide the cement plant with paper sacks. The plant cost: about \$1.9-million.

**Vegetable Oils:** Ceylon copra, processed abroad into coconut oil, has been bringing high prices on the world market. The government would like to see more of this revenue stay on the island. So it is planning a processing plant of its own. The plant is supposed to produce 120 tons of hardened oils daily, 111 tons of cattle feed, 30 tons of hydrogenated vegetable oil, 14 tons of fatty acid, and one ton of glycerin. The cost: an estimated \$1.3-million.

**Caustic Soda:** A plant to make five tons of caustic soda and five tons of bleaching powder a day is also in the cards. The output will go to develop a domestic soap-making industry. By-products will supply necessary materials to the coconut oil factory and the paper and textile mills. The cost: an estimated \$800,000 plus land and buildings.

**Steel:** The most expensive plan (exact amount not known) calls for an open-hearth setup with an annual capacity of 10,000 tons of steel ingots. This output will feed two rolling mills producing small sections, wire rod, and hoop strip.

Local scrap for steelmaking is estimated to be available at the rate of 11,000 tons a year.

• **Not Enough Dollars**—Ceylon's industrialization will be an all-British show. British consultants did the survey work; British contractors will handle the construction. Ceylon's dollars are two few to ring U. S. firms in.

Without industrial plans, Ceylon could not afford to welcome Dominion status with open arms. Trade figures show a 1947 deficit of \$25-million—a sharp reversal of 1945's \$22-million favorable balance. Main reason: the high cost of food imports. Last year's food bill was nearly five times the prewar average. And with nearly 70% of Ceylon's arable land devoted to tea, rubber, and coconuts (which together make up 90% of the export trade), there is not much room for increased domestic food production—at least not until large-scale irrigation projects can be undertaken.



## TEMPTING BY TASTE

In the cellars of New York's Bellows & Co. last week, Australia uncorked its latest entry in the race for U. S. dollars: a sample shipment of Australian liqueurs. Sampling the sample are (left to right): Hans Bon, of the company; Rupert R. Ellen, Australian trade commissioner; and C. Frederick Schroeder, of the eastern division of the wine advisory board.



# WHY NEWPORT NEWS IS A GOOD PORT FOR SHIPPERS

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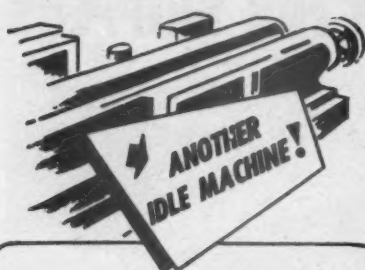
Everything was planned and interlocked to make it simple, convenient and economical for the shipper to use this port. To avoid complications and delays. To prevent duplicate effort. To eliminate excessive or unnecessary charges. In short, to maintain smooth movement of shipments to destination, by land and sea, swiftly and at lowest cost.

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## Looking for Industrial Property

See page 94 of the February 7th issue of Business Week. You may find what you are looking for in the

**NAT'L INDUSTRIAL REAL ESTATE BULLETIN**  
Next scheduled insertion of this Bulletin planned for the March 13th issue, earlier publication will be made if required.

**BUSINESS WEEK . . . the magazine of  
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ever you find it, you find a manage-  
ment-man well informed.**

# MELBOURNE LETTER

**M**ELBOURNE—Fears that devaluation of the French franc might topple the British pound have Australian Treasury officials in a nonstop huddle. If London devalues, the value of the Australian pound is automatically at stake. So the Dominion's Treasury has been getting set to receive, at any time, a week's advance notice from London of a cut in pound sterling.

Australia's conflicting political and economic interests have made it tough for officials here to make even a tentative decision on a new exchange rate for their currency. However, this is the line that the Dominion government will probably follow if and when sterling is devalued:

If the drop in sterling in terms of dollars is no more than 10% or 12%, Australia is likely to string along with Britain. That means that four pounds sterling would continue to exchange for five Australian pounds. This is the exchange rate established in 1931.

It's true that this 20% discount on the Australian pound has become unrealistic in recent years; prices in Britain have climbed faster than they have here—which means that the Australian pound has gained relatively in real value. But the Dominion government may still find it politically expedient to hold the Australian pound at the present sterling rate and let it drop in terms of dollars. Here are some of the reasons:

(1) It would suit the powerful export lobbyists; they would be able to hold their present market in Britain.

(2) It would please domestic industries that find competitive British goods kept out by the present rate.

(3) It would bring marginal gold mines into production. All of Australia's gold output is sold for U. S. dollars; if the pound were devalued, these dollars would net more local currency. The added gold output would boost Australia's contribution to the Empire's dollar pool.

(4) It would lower the price of Australian wool to American mills. This would boost wool sales in the U. S., and so increase Australians' direct dollar earnings.

If London cuts the value of ster-

ling by more than 10% or 12%, however, Canberra will probably not go along all the way. Reason: If it did, there would be a real danger of choking off Australia's imports of U. S. capital goods. If American machinery and equipment went up too much in terms of Australian currency, industry here would either have to cut its imports from the U. S. or pay the higher prices and saddle itself permanently with top-heavy fixed assets.

**M**ONETARY authorities here have some of the same worries about inflationary credit trends that torment the U. S. Federal Reserve System. Here's the way the Australian central bank has disposed of the problem:

One morning recently the managers of trading banks received a letter marked "confidential," with eight pages of single-spaced directives.

Briefly, the central bank said: Bank advances are not to be made where it is obvious that the applicants require new capital; existing overdrafts (equivalent to loans) are to be liquidated in favor of capital issues. Loans for the purpose of inventory expansion, commodity speculation, or real estate financing are strictly out. Moreover, the Commonwealth Bank (which is practically an organ of the Treasury) reserves the right to turn thumbs down on larger loans for equipment expansion, particularly in nonessential and potentially uneconomic industries.

This does not mean that long-planned orders for American-made equipment must be blue penciled for lack of funds. But it does mean that the orders must be spread over a longer period than was originally planned.

**A**NOTHER DIRECTIVE is of more direct importance to U. S. companies with a stake in Australia. It forbids the banks to make new loans to subsidiaries of firms whose headquarters are outside the sterling area.

This compels U. S. subsidiaries in Australia either to use more of their own capital or to issue stock here for public subscription.





NEW DAM: For India, more food, power

## Power for India

Madras Province maps \$240-million irrigation and power project. Counts on U.S. know-how to help put it over.

MADRAS—The Indian government is getting set to build a \$240-million hydroelectric and irrigation project in Madras Province (map). It is looking for U. S. equipment and know-how to help out.

This Ramapadasagar project is still in the planning stage. But Indian engineers have almost completed testing designs for a dam, spillways, and cofferdams. And U. S. contractors, among others, are being asked to apply for the work.

• **More Power, More Food**—The project calls for the damming up of the Godavari River, some 60 miles upstream from the Bay of Bengal. A 6,600-ft. dam will impound a 527-sq.mi. reservoir. Generating stations are being designed to produce 100,000 to 150,000 kw. of steady power, plus a seasonal excess of 20,000 kw.

The program will bring some 2.5-million acres of land under irrigation. It will require hundreds of miles of canals. The land made arable could provide more than a million tons of rice yearly.

• **Cost**—How to finance the project is still being thrashed out in New Delhi. The dam itself is the big item. Cost estimates are hard to make, but N. Govindaraja Iyengar, special engineer in charge, believes the dam will come to about \$120-million. Power station, canal headworks, locks, and similar installations will add another \$39-million; the canals, \$81-million more.

Once the go signal flashes, the dam will probably take eight or nine years to build. The irrigation works will take another three years.

But to meet this schedule will require outside help, particularly heavy equipment such as stonecrushers, conveyors.

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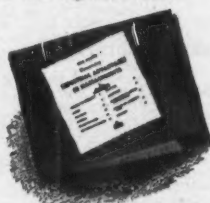
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## READERS REPORT:

### Southern Potential

Sirs:

A few weeks ago the Southern Supply & Machinery Distributors' Assn. ordered 5,000 reprints each of the 16-page sections you ran in Business Week on the Southeast [BW—Oct. 25 '47, p. 73] and the Southwest [BW—Jul. 26 '47, p. 39] as part of "The New American Market" series. It occurred to me that you would be interested in the use we made of these very valuable market studies.

Our association is made up of 170 industrial distributors of production tools, equipment, and supplies, located in all major industrial cities in the South. Last year when our Planning & Development Committee was established, four objectives for the association were set up. One of these objectives was "to present intelligently to the manufacturers of our industry the increasing sales potential of the South."

Your special sections on the Southeast and the Southwest certainly showed in dramatic fashion what is going on in the market we serve. While income in the total U. S. increased 130% between 1939 and 1946, income in the Southeast was up 165%; income in the Southwest was up 145%.

Both regions enlarged their proportionate share of total U. S. production, industry by industry. This is not all wartime boom by any means. According to Engineering News-Record, another McGraw-Hill publication, we find that contracts awarded for industrial building in the South accounted for 37% of the U. S. total in 1946. Compare this with the 15% share in 1937, the best immediate prewar year.

Our association is sending copies of both of your reprints to each of our suppliers—manufacturers who use distributors to capture this growing market. The reprints are accompanied by a six-page four-color folder telling of the job our member distributors can do to insure coverage for their products in the South. With the assistance of Walter F. Crowder, editor, Mill Supplies, another good McGraw-Hill publication, we have done something in this brochure that is quite unusual in trade association activities. On a two-page spread in the folder, we present a detailed four-color map showing the regional pattern of industrial production in the South by counties. This map is based on 1947 statistics of manufacturing production which we had especially prepared for us from the unpublished census of manufacturers of the McGraw-Hill Publishing Co. By the use of this map, our manufacturing suppliers can check their coverage of the South. We also list the

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names and location of our members by counties.

This statistical job we have done and the map of potentials we give our suppliers along with the two reprints from "The New American Market" series have a little of the "man bites dog" angle to it. Our association is supplying the manufacturers of our industry with statistical material on market potentials.

T. J. KENNY

PRESIDENT,  
SOUTHERN SUPPLY & MACHINERY  
DISTRIBUTORS' ASSN.,  
PEACHTREE ARCADE,  
ATLANTA, GA.

## Flying Tugboat

Sirs:

... I was a bit startled to see in Business Week that the riverboat, Kokoda, made a flying trip up the Mississippi River from New Orleans to St. Louis in "17 hours and 5 minutes" [BW—Feb. 7'48,p26].

In checking back to ... the St. Louis Globe-Democrat, I find that this amazing time, as listed, was off just 11 days.

CHARLES F. KISTENMACHER

PROMOTION DIRECTOR,  
GLOBE-DEMOCRAT,  
ST. LOUIS, MO.

Sirs:

Unless the Mississippi has straightened out somewhat since Mark Twain's time, the Kokoda made excellent time. My road atlas shows 713 miles, St. Louis to New Orleans. Making the run in 17 hours plus, this jet-propelled steamer averaged about 42 mph. I suppose it was held back by the current and the load pushed, or it would have made a real record. Actually the time was several days elapsed.

CHARLES P. HARBOTTLE

MIAMI-JACOBS COLLEGE,  
DAYTON, OHIO

• Our reporter and caption editor let 11 days slip through their typewriter fingers. The Kokoda's time: 11 days, 17 hours, and 5 minutes. The distance (as reported by the St. Louis Globe-Democrat): 1,040 mi.

## Billion, Not Million

Sirs:

We wish to draw your attention to a mistake in the article "Butte: New Mines, New Life" [BW—Dec.27'47,p25] ...

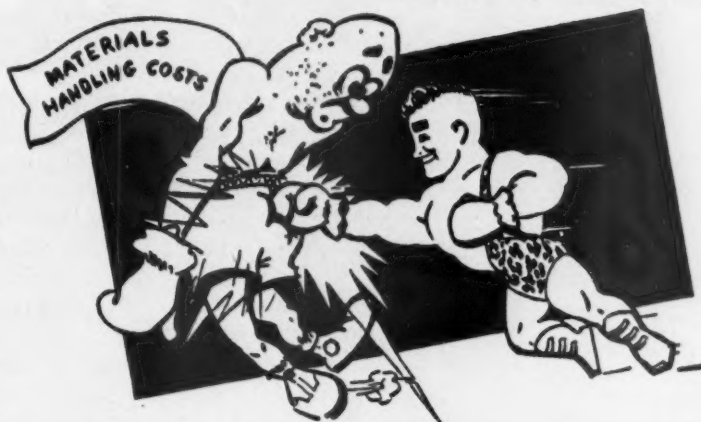
You wrote that a \$20-million investment of Anaconda Copper Co. would yield 2.6-million lb. of fine metal, i.e., about \$500,000.00 worth, while it should read according to your own figures 2.6-billion.

ROBERT HAGENOW CO.

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# MOBILIFT

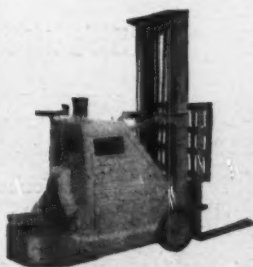
## "The Mighty Midget"



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# THE TREND

## For a Stable Economy

If we had had the task of scheduling American industry's expenditures for new plant and equipment since V-J Day, we suspect we would have done a very different job from the one that has been done. We say "suspect" because we fully realize that it is much easier to generalize about these expenditures than it is actually to handle them.

As we see it, we would have postponed many of the less urgent expenditures. In doing so, we would have done two things at once: (1) removed the upward pressure on some key prices; and (2) built a backlog of business to sustain prosperity when the going gets rougher.

Our purpose, in general, would have been to iron out the flow of expenditures for new plant and equipment. Historically that has been one of the most unstable elements in the economy. Until the business community not only accepts this purpose, but does something effective about it (which it is peculiarly capable of doing) the chances of stabilizing our economy are poor indeed—far poorer than they should be.

For better or worse, however, we did not schedule capital expenditures. The results are:

- Their volume since V-J Day has been enormous.
- They are scheduled in great volume for 1948.
- There is some indication of quite an abrupt cutoff in 1949.

These findings come from an unprecedented survey by McGraw-Hill of business' plans for new plant and equipment. It was summarized in the latest Business Week Report to Executives (BW—Feb. 7'48, p65). Business spent, the survey shows, more than \$16-billion on capital improvements in 1947. It plans to spend almost as much this year. This is almost twice what business invested in 1929 or in 1941, the biggest prewar years.

Capital expenditures will drop sharply in 1949, however, on the basis of present plans. One major reason is that 85% of industry's planned postwar expansion will be complete by the end of this year. And it is likely to be increasingly hard to raise the money to pay for new plant and equipment.

What are the survey's implications? The clearest is that we may have to do something soon to sustain the volume of capital expenditures—if all business is not going to get into trouble. For it has been consistently true that as expenditures for plants and equipment go, so goes all business.

To be sure, it would be healthy to have these expenditures decline somewhat from their current record heights. But in the past, when business investment has fallen off, the whole economy has slipped at the same time. And there are no signs that our postwar economy

will function more smoothly in the face of the sort of decline now in prospect for 1949 than the prewar economy did.

## What Can Be Done?

To stabilize the postwar economy, we must find ways to keep business investment on a high and even plateau. We have, as we see it, two big possibilities for action along this line.

The first, and perhaps most promising, lies in overhauling our tax structure. Today taxes are rigged so that: (1) They dampen the incentives to invest in new plant and equipment; and (2) they cut heavily into the money available for investment. From time to time, we shall come back to this tax problem and what can be done about it.

The other possibility is to reform the U. S. Treasury's depreciation policy. Since 1934 it has actively discouraged the prompt replacement of outmoded machines with new, more efficient ones.

The Treasury bases depreciation on what it thinks is the average time a machine takes to wear out. It insists on use of the "straight-line" method of depreciation. If, for instance, the Treasury figures that a turret lathe will last 25 years, its owner can deduct only 4% of its cost from his income as depreciation each year. To get a more realistic allowance, a businessman must convince Treasury officials that the rate he wants is proper. That's a next-to-impossible job. Under Treasury policy, average depreciation rates were cut from around 10% in the 1920's to less than 5% after 1934. These low rates slow down replacement of old machinery and equipment.

## A Specific Proposal

To encourage modernization, American Machinist, a McGraw-Hill publication, urges a complete about-face in Treasury policy. The Treasury, it believes, should (1) encourage industry to write off equipment at a faster rate, and (2) permit businessmen wider latitude in deciding what their own depreciation rate should be.

Because no machine can be depreciated at more than 100% of its original cost, the only issue is the timing of the depreciation. We agree with the editors of American Machinist that business executives are better judges of that than are Treasury revenue agents.

Liberalized depreciation is no cure-all. It would cut industry's tax bill by something less than \$500-million; that much more would be available for new equipment. But it would not, by itself, do the job of keeping business investment on a high and even plateau. It would, however, be an important contribution to the job. And it would remove a big obstacle to technological progress.



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